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NEWS SUMMARY

GENERAL

Soweto blacks stay off work

Black-clad schoolchildren in Soweto yesterday staged a peaceful commemoration of those who died in last year's unrest in black and coloured townships, while thousands of their elders stayed home from work in sympathy.

The centre of Johannesburg was almost as deserted as on a public holiday, reports Quentin Peel. Between 40 and 80 per cent. of blacks were estimated to have stayed away, with many trains from Soweto almost empty.

Later in the day tension rose as police used large quantities of teargas to disperse thousands of students who turned out to attend memorial services and prayer meetings. Gas canisters were fired into a Roman Catholic church as a crowd of 3,000 emerged, to be chased by police vehicles firing more shells.

However, the only serious casualty reported was the accidental shooting of a policeman by a colleague with a machine carbine.

Walden quits Parliament

Mr. Brian Walden has resigned as Labour MP for Birmingham, Ladywood to succeed Mr. Peter Jay, named Ambassador to Washington, as presenter of the ITV programme Weekend World. The Government's overall minority in the Commons now rises to three, underlining Mr. Callaghan's dependence on his Liberal allies.

A swing of 21.3 per cent. would be needed for the Tories to gain Ladywood. Mr. Walden, seen in his party's Rightwing, denied last night that he was disillusioned with Labour or with politics in general.
Man in the News, Page 13

Ethiopia retakes rebel towns

Ethiopian troops have made major advances into parts of the north formerly controlled by guerilla forces, according to Eritrean units returning from cross-border raids into Gondar Province, which was the base of the Right-wing Ethiopian Democratic Union. The grain town of Humera on the Sudanese border has been recaptured and the Eritreans report that the Right-wing partisans were routed recently at Dabat, 30 miles north of the capital of Gondar. Page 6

U.K. and Uganda end last links

The last diplomatic contact between Britain and Uganda was broken yesterday. The Saudi Arabian Ambassador in London was asked by the Foreign Office to close his embassy's Uganda interests section. Page 6

Kidnap charge

Former Dominican Ambassador Sr. Hector Aristy was charged in Paris with kidnapping after being held by police for questioning about his role as a go-between in the abduction of Sig. Luchino Revelli-Beaumont, Fiat's chief executive in France.

Briefly . . .

England were all out for 216 on the first day of the Jubilee Test against Australia. Woolmer was top scorer with 79, while Thomson took 4 for 41. Page 11

International Herald Tribune, the U.S.-owned newspaper published in Paris, may decide next week to move its printing and editorial headquarters to Zurich. Page 4

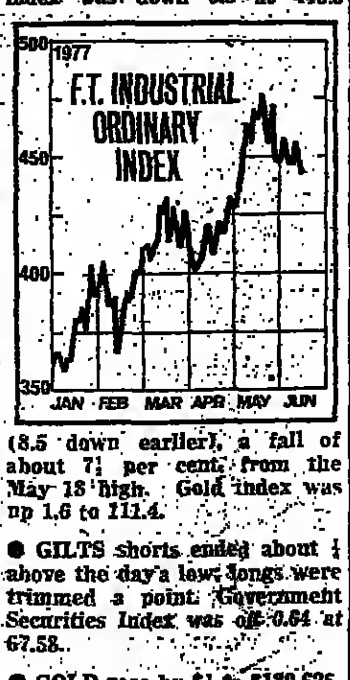
Mr. George Davis was among three men being questioned at Bethnal Green police station about a car which was believed to have been stolen.

Glasgow: Two upholstery workers died when they were trapped in a factory blaze. A fireman was taken to hospital suffering from the effects of fumes.

BUSINESS

Equities slip 6.6; £ falls 5½ points

● EQUITIES slipped as buyers continued to hold off on political uncertainties. FT 30-share index was down 6.6 at 443.5



(8.5 down earlier), a fall of about 7½ per cent. from the May 18 high. Gold index was up 1.6 to 111.4.

● GILTS shorts ended about ¼ above the day's low; longs were trimmed a point. Government Securities Index was off 0.64 at 67.58.

● GOLD rose by $1 to $139.625.

● STERLING fell 5½ points to $1.7192½. Trade-weighted index fell to 61.5 (61.6). Dollar's was 1.16 (1.17) per cent.

● WALL STREET was up 0.68 at 918.25 near the close.

● RUSSIA is having to find over $5bn. hard currency this year to cover debt repayments due to big commercial banks. Mexico is having to find over $7bn. Page 4

● INDUSTRIAL activity has shown little or no growth in recent months, latest Central Statistical Office figures show. Back Page

BNOC £480m. N. Sea loans

● BRITISH National Oil Corporation has raised $825m. (£480m.) in loans from a group of British and U.S. banks to fund part of its North Sea exploration and development programme. Back and Page 32; N. Sea Oil Review Page 2

● MR. JAMES CALLAGHAN and President Carter have intervened in the ten-month renegotiation of the Anglo-U.S. air services pact, and U.S. attitudes have softened on a number of key points. Back Page

● GRUNWICK factory owner Mr. George Ward is taking legal action against postal workers who have been disrupting the company's mail in support of a union recognition dispute.

● SCOTTISH miners voted to campaign for a new pay rise—possibly £135 or more—in November, eight months after the Phase Two settlement, and a clear challenge to the rule that 12 months must elapse between increases. Page 10

● TREASURY Ministers are re-examining their attitude to tax indexation, after their defeat in the Finance Bill Committee. Back Page and Lombard Page 2

● CABINET MINISTERS who raised last-minute queries on whether the Government's £564m. BP share sale could be postponed, finally agreed to a go-ahead after hearing that any delay could put off the sale for up to nine months. Back Page

● FOUR NEW members have been elected unopposed to the Stock Exchange Council—Mr. John Kinsley, Mr. John Milln, Mr. Nils Taube and Mr. Adolph Woolf. Nine retiring members have been re-elected.

COMPANIES

● GUINNESS pre-tax profit for 24 weeks to March 12 was £17.1m. (£14.8m.) on sales of £225.6m. (£176.3m.).
Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Amalgamated Metal	245	+ 10
Common Bros.	212	+ 7
Lee Cooper	108	+ 8
Compton (L.)	81	+ 26
DFS	50	+ 3½
Nicholls (Vimto)	142½	+ 6
Turner Mnf.	90	+ 3
BP	890	+ 20
Anglo-American	242	+ 7
Anglo American Coal	490	+ 15
Cons. Gold Fields	142	+ 8
De Beers Dfd.	242	+ 8
Libanon	272	+ 16
Welkom	169	+ 8

FALLS

Treasury 9pc 1979	£92½	— ⅛
Exchq. 12¼pc '81	£105½	— 1/16
Treasury 13pc 1990	£99¾	— 1
Treasury 7¾pc '12-15	£62¾	— ¾
War Loan 3½pc	£28¾	— ¾
Audiotronic	33	— 6
BATs Dfd.	219	— 13
Blundell-Permoglaze	50	— 4
Booker McConnell	175	— 8
British Sugar	415	— 10
Chubb	108	— 4
English China Clays	92	— 5
GKN	334	— 8
Guinness (A.)	137	— 9
Hambros Bank	178	— 4
Harrisons & Crosfield	512	— 25
Hawker Siddeley	632	— 11
ICI	358	— 6
Linfood	255	— 8
Lucas Inds.	296	— 5
Runciman (W.)	110	— 6
Smith (W. H.) A	525	— 10
Tate and Lyle	221	— 11
Thomson Org.	577	— 11
Thorn A	298	— 6
Warren Plants.	178	— 6

Spanish election victory for Democratic Centre

BY ROGER MATTHEWS: MADRID, June 16

Results of Spain's first general election for more than four decades showed to-day that the country had voted heavily for democracy, a conservative but progressive Government, and a strong Left-wing opposition.

Sr. Adolfo Suarez, the 44-year-old Prime Minister, and his Union of the Democratic Centre are very close to gaining an overall majority and initial impressions are that they will try to serve out most of their four-year mandate.

With more than 70 per cent. of the popular vote counted, they are expected to emerge with about 170 seats in the 350-seat Congress or Lower House and more than 100 senators out of the 207 elected to the Upper House. King Juan Carlos yesterday exercised his right to appoint 41 senators.

Spain can now be expected to make a fairly early application to join the Common Market, and will also press its claim to become a full member of NATO, to which it already contributes indirectly through the presence of U.S. bases in the country.

The elections were also a triumph for the until-recently illegal Spanish Socialist Workers' Party led by the youthful 35-year-old Sr. Felipe Gonzalez.

Projections are that they will take 115 seats in the Congress, far ahead of the Communists, who are running in third place with an estimated 20 members.

Unrepentant former Ministers who served under the late dictator, Gen. Francisco Franco, and now head the Right-wing Popular Alliance, suffered a severe reversal.

HOW THE PARTIES STAND†

	% of Vote	Seats (estimate) Congress	Senate
Democratic Centre	34.5	170	106
Socialist Workers'	26	115	60
Communist	7.5	20	8
Popular Alliance	8	15	5
Socialist Unity	3.8	2	2
Others	19.5	28	26

† with 70 per cent. of the vote counted.

Led by Sr. Manuel Fraga, ex-ambassador to the U.K., they captured 8 per cent. of the popular vote, will probably not have more than 15 congressmen and only managed to attract significant support in the more rural areas. Sr. Fraga said he would rest for a week and then make "an extensive statement."

An even worse fate faces the Christian Democrat Federation, which has been almost totally ignored and may not gain a single seat in either House.

Earlier this year they decided against joining the UCD, which is itself an alliance of a dozen small parties including Social Democrats, more Right-wing, Christian Democrats, Conservatives, Liberals and so-called "Independents."

Business confidence received a much-needed fillip from the election results, and the Madrid stock-exchange index put on more than 3 per cent. to-day with buyers appearing in force for the first time for some months.

Sr. Calvo Sotelo, the number two in the UCD, who may become Minister in charge of the economy, said this morning that the priority of the new Government would be to get the economy back onto an even keel.

He estimated that the Cortes (Parliament) would devote two months to drawing up a new constitution and would to that extent be a constituent assembly. But he did not envisage fresh general elections for some time. "The country needs positive Government and we are going to provide it," he added.

Another of the country's most sensitive issues was high-lighted by the strong showing of Left-wing and nationalist parties in the heavily-industrialised areas of Catalonia and the Basque provinces.

Left-wing parties, with the Socialists in first place, and the Communists challenging to become second, dominated in

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Callaghan summons MPs to save Liberal pact

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN and Mr. Michael Foot yesterday began a series of urgent moves to restore order in the Labour Party and repair the Government's sagging pact with the Liberals.

The Prime Minister called a special meeting of Labour MPs for next Tuesday at which he is expected to demand more disciplined loyalty to the Government.

He will underline the Government's intention to ensure that the pact with the Liberals is renewed and sustained by agreement over next session's legislative programme.

The Cabinet yesterday also agreed on a conciliatory approach, in line with its pact commitments to the Liberals over European direct elections.

Mr. Foot, leader of the House of Commons, has told Liberal leaders that the Bill to be published next week will contain provisions for both a regional list system of elections based on proportional representation and an alternative, first-past-the-post method.

But pride of place—and the first critical vote after the Bill's second reading—will be given to the proportional system.

Liberal MPs still showed some dissatisfaction with the arrangement last night. Mr. Jeremy

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Thorpe described the prospects of a renewed agreement with the Government as bleak.

Mr. John Pardoe added: "It is now at a very critical stage."

But it seemed likely that if the Cabinet agrees next week to publish the Bill with a strong accompanying recommendation in favour of the proportioned system that the Liberals would accept it.

Mr. Foot refused to give any details of the form in which the Bill has been drafted, but the alternative provisions for the election method are expected to be contained in separate schedules.

Conservative leaders, given the opportunity to vote against the proportional representation without wrecking the Bill, would have no quarrel with the arrangement.

And senior Ministers, who estimate that in the free vote on its second reading Labour MPs will divide marginally in favour of the Bill, expect it to go through Parliament next session.

Liberals were delighted to learn yesterday that Mr. Foot is to publish details before the end of the session of the Government's revised devolution proposals.

● Mr. Jeff Rooker and Mrs. Audrey Wise, the two Labour rebel MPs involved in the Government's defeats on the Finance Bill earlier this week, were last night "invited" to explain their actions to the Labour Party's liaison committee.

Gulf defence meets scepticism

BY DAVID BELL WASHINGTON, June 16.

GULF OIL participated in an international uranium cartel organised in 1972 by producers and governments in Canada, France, Australia and South Africa, the company's chairman told a Congressional hearing to-day.

Mr. Jerry McAfee, contended the company had "been compelled" to join the cartel by the Canadian Government in spite of its reservations of a possible breach of U.S. anti-trust laws. But several members of the Oversight sub-committee of the House of Representatives Commerce Committee expressed some scepticism about the degree of this compulsion.

Earlier the committee released extracts from 28 hitherto confidential documents obtained by court order. These include Gulf memoranda and letters and Canadian energy documents, some of which the Canadian Government tried to persuade the committee to keep secret. Congressman Douglas Walgren, a Democrat from Pittsburgh where Gulf has its headquarters, said some "read somewhat like a Watergate transcript."

Among other things, the documents, culled from a pile three feet high, show how Gulf became involved in the cartel, and give one of the first apparently authoritative accounts of how the cartel may have operated. They include several proposals for the allocation of uranium to individual producing nations, and refer in several places to the participation in the agreement of Rio Tinto Zinc and its subsidiaries.

At one point this morning, counsel for the sub-committee, asked Mr. McAfee if RTZ was so important a member of the cartel that "it almost had the status of a country in the negotiations."

Mr. McAfee declined to comment on RTZ's involvement in the cartel.

The documents also give an account of how meetings in Paris and Johannesburg agreed to set up a uranium marketing research organisation, to establish a floor price for uranium and production quotas. The headquarters of its operating committee were to be independent offices inside the headquarters of the French Atomic Energy Authority.

A secretariat was set up, and, according to the documents, it was agreed that links between the participants should be informal.

At the same time, the documents also show the way in which members of the "club"—as Gulf documents refer to it—moved to deal with entities which, they feared, might disrupt the pricing arrangements.

One of these was the Westinghouse Electric Corporation, which was in the market in 1972 to buy uranium for purchasers of its reactors.

Westinghouse has since sued Gulf alleging that it, other members of the cartel and U.S. uranium producers forced Westinghouse to drop its proposed

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The uranium club, Page 22

Brezhnev is made Soviet President

BY DAVID SATTER

MOSCOW, June 16.

MR. LEONID BREZHNEV, leader of the Soviet Communist Party, to-day was unanimously elected president of the Soviet Union by the Supreme Soviet, the country's nominal Parliament.

He becomes the first man in Soviet history to hold the post of party leader and president at the same time. The elevation is another sign of the Brezhnev personality cult which has become increasingly pronounced.

Mr. Brezhnev's move to the Soviet Presidency will give him equal protocol rank with foreign Heads of State and confirms the long acknowledged fact that he is the dominant political figure in the country.

He now joins the leaders of seven other socialist countries who also combine the posts of chief of State and chief of party.

Mr. Nikolai Podgorny, the former Soviet President, who was dropped from the ruling Soviet Politburo on May 24, was officially stripped of the presidency at the Supreme Soviet session.

He had not been heard from since being dropped from the Politburo and he apparently ceased to exercise the functions of president immediately after his demotion.

'Selfless'

Tass, the Soviet news agency, said that the Supreme Soviet had received a statement from Mr. Podgorny in which he had asked to be relieved of his duties as President "in connection with his retirement on pension." Tass said that the session granted Mr. Podgorny's request.

Mr. Mikhail Suslov, a Politburo member and leading party ideologist, said in a speech to the Supreme Soviet that Mr. Brezhnev's "outstanding personal qualities and selfless work" had led to his being acknowledged "as the most authoritative representative of the Communist Party and Soviet State" for many years.

In his acceptance speech, Mr. Brezhnev said that discharging the duties of the Soviet Presidency while continuing to function as Communist Party general secretary would not be an easy matter.

But he added: "The interests of our socialist homeland have always been for me the supreme law to which I subordinated and subordinate my entire life."

His assumption of the Presidency is not expected to lead to major policy changes, as it is largely a ceremonial post.

Profile, Page 4

Trade deficit of £24m. last month

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN had a current account deficit of £24m. last month following a surplus of £91m. in April—continuing the recent pattern of monthly fluctuations between small surplus and deficit.

The longer-term trend now clearly indicates a sustained improvement, notably in the oil balance but also in non-oil trade. Between March and May there was a current account surplus of £39m., compared with a deficit of £321m. in the previous three months.

The £115m. deterioration in the current account last month was slightly more than expected, but there was little impact on sterling, with reports of buying from New York at the close. The pound well by 5½ points on the day, to $1.7192½.

The change during May is mainly explained by a £91m. rise in the visible oil deficit to £302m. as a result of irregular movements both in the flow of documents on crude oil exports and in tanker arrivals.

The longer-term impact of the build-up of North Sea oil production can be seen in a narrowing in the visible oil deficit from £894m. to £768m. between the last two quarters.

The Bank of England estimated in its quarterly Bulletin yesterday that North Sea oil produced a benefit to the visible balance of £450m. in the first quarter, and forecast a benefit in 1977 as a whole of between £2.5bn. and £3.5bn., compared with £650m. last year.

The trend in non-oil trade has also been favourable, but in a less clearcut way.

In spite of continuing sharp month-to-month fluctuations, the volume of manufactured exports is rising steadily. After excluding ships, aircraft and precious

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stones, there has been an increase of 2½ per cent. on a three-month comparison, which is well up to Budget forecasts.

It appears that the U.K. has been contributing to the recent large increase in the U.S. deficit, as exports to North America were 11 per cent. up in value in the last three months.

The volume of imports of finished manufactured goods has fallen back—down 3½ per cent. on a three-month comparison—but is still rather higher than expected, even allowing for the greater import penetration assumed in the Budget.

Imports of cars are still rising sharply, with a 9½ per cent. rise in the volume of purchases of motor vehicles and transport equipment in the last three months.

The depressed state of domestic activity is reflected in a cutback of imports of raw materials. Overall, import volume was fractionally down over the last three months, compared with a rise in export volume of over 3½ per cent.

The visible trade balance will be adversely affected during the next three or four months by imports of North Sea installations, probably costing around £300m. during the summer, with the Dunlin platform for Shell coming in this month.

There could therefore be some relatively poor trade figures in the next few months But after a total current account deficit of only £260m. to the first five months of the year, and with a generally more optimistic view being taken of North Sea prospects than earlier this year, the Treasury's budget forecast of a £500m. deficit for 1977 as a whole is looking rather cautious.

The new estimate by the OECD Secretariat of balance overall this year may be nearer current official thinking.

While almost all economists believe that current account could remain in surplus for some time as a result of North Sea oil, there is much greater caution about non-oil trade.

The Bank of England, for example, pointed out that imports must be expected to pick up again when domestic activity recovers more strongly. While the volume of exports is expected to rise fairly strongly in the next year or so, the increase may not be much faster than for imports.

A possibly disturbing feature for longer-term volume prospects is the steady rise in export prices, up 2 per cent. last month. Consequently, the terms of trade index—the ratio of export to import prices—is only fractionally lower than it was when the sharp fall in sterling started

This may reinforce doubts expressed by the CBI and others about the erosion of the U.K.'s relative price competitiveness

BALANCE OF PAYMENTS
Seasonally adjusted £m.

		Visibles	Invisibles	Current account
1976	1st	— 538	+417	—121
	2nd	— 919	+518	—401
	3rd	—1,148	+605	—543
	4th	— 987	+576	—411
1977	1st	— 968	+641	—327
	Jan.	— 538	+214	—324
	Feb.	— 188	+213	+ 25
	Mar.	— 242	+214	— 28
	April	— 129	+220*	+ 91
	May	— 244	+220*	— 24

* projections.
Source: Department of Trade

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After the Finance Bill 'defeats'

BY SAMUEL BRITTAN

SOMETHING OF a revolution did indeed occur in the course of the Finance Bill Committee, but not of the kind that might be supposed from the headlines. Neither the Government's economic strategy, nor its budgetary plans lie in ruins. Whatever there was of a strategy is still there.

The combined effects of the increases in personal allowances and the earlier petrol tax defeat are more than outweighed by unexpected savings in National Debt interest.

So there is no question of the supposedly conditional 2 per cent. reduction in the basic rate of income tax being put in jeopardy.

Much more important than the specific tax cuts has been the amendment to index the personal allowances. Credit for this belongs to the two Labour rebels, Mrs. Audrey Wise and Mr. J. W. Rooker and Mr. Nigel Lawson, now disguised as a Conservative Whip.

The effect of the amendments will be to ensure personal allowances rise by the same percentage as the retail price index in the calendar year before the Budget. If confirmed at Report Stage, this will take effect from 1978.

Indexation

It is a pity the off-putting word "indexation" has to be used. For the proposal is simple and of great practical importance. It means an end to false "tax cuts" which do no more than offset the automatic increase in the tax burden resulting from inflation and it means Chancellors will no longer be able to increase the burden of personal tax by stealth.

For both those reasons, Chancellors and their advisers are suspicious of indexation. But it does not cost revenue or remove any freedom of manoeuvre. If the yield of an indexed system is insufficient to finance expenditure, the Chancellor can always ask Parliament for an increase provided he is open about what he is doing.

The end of the present road was clearly marked when the TUC reacted badly to the last Budget, because union leaders realised instinctively the supposedly generous concessions did not even make up for the automatic tax-increasing effects of inflation.

The principle of up-dating allowances, thresholds and starting points to allow for inflation, so far from being any British MP's or commentator's hobby horse is the one point on which the most diverse expert bodies agree, ranging from the OECD wise men to the Institute of Fiscal Studies and the Cambridge Economic Policy Group. It has already been enacted in one form or another in several countries.

Indeed, Mr. Lawson's amendment went much too far in appeasing the Treasury by giving the Chancellor power to prescribe by order a lesser relief than the cost-of-living formula would indicate. For there is no significance at all in nominal thresholds in an age of double-digit inflation. If the Chancellor needs to raise the real tax burden, he should be honest enough to do so straightforwardly.

Petrol duty

When considering its response, the Treasury should bear in mind at least the possibility that the present Parliament is not an abberation and that a "hung Parliament" in which no one party has an absolute and disciplined majority may often recur. Instead of fighting in the last ditch against the indexation of personal taxes, Treasury Minister should take the offensive for indexation of the specific duties.

The non-indexation of the personal allowances yields just over £1bn. in revenue with a 10 per cent. rate of inflation.

On the same basis, the Treasury loses about £550m. from the non-indexation of the specific duties on drink, tobacco and petrol. It gains £410m. from the higher yield of VAT, which is already of course a percentage tax automatically linked both to inflation and to real growth.

The past utterances of both Sir Geoffrey Howe and Mr. John Pardoe on indexation would make it impossible for either to oppose applying the principle to the drink, tobacco and oil. But even if Treasury Ministers did not want to risk the matter on Report Stage, they should at least put down a marker for the Budget.

A large part of the outcry against the abortive petrol tax increase was due to the shock of a sudden large increase. If it went u automatically with the inflation rate—like VAT, but perhaps on a quarterly basis—there would hardly have been the same outcry.

At least, it would be obvious the objectors were asking for a real reduction; and this would help Chancellors, Shadow Chancellors and all prepared to resist populist pressure from their own back benches.

NORTH SEA OIL REVIEW

BY RAY DAFTER

BNOC shows its talents

IT WAS hardly surprising that Lord Kearton, chairman and chief executive of the British National Oil Corporation, was so cock-a-hoop yesterday. Within 18 months of the undertaking's inception, he was able to sign a $825m. bank loan, knowing that if he wanted it, more was available.

What is more, the deal was concluded without Government guarantees and without any pledge or mortgage of its offshore oil interests. So he was able to thumb his nose at critics who claimed that the fledgling oil group would not be able to raise capital against its balance sheet and would be forced to seek Treasury backing for its money-raising.

But the financing arrangement, concluded with 12 British and American banks, has wider implications. Firstly it gives BNOC the opportunity of re-paying all of its public sector borrowing through the National Loans Fund—a sum standing at £328m. at the end of last year and now nearer £350m.

Secondly, as Lord Kearton put it, the deal demonstrated that the Corporation was acting as, and being accepted as, a commercial oil company. "We are beginning to be a rounded, reputable organisation going places in a big way." It is difficult to believe that the banks did not receive some unofficial Government undertakings about BNOC's commercial future—the Department of Energy, the Treasury and the Bank of England all supported the Corporation's initiative—although Lord Kearton was adamant that this was not so.

As an aside, the deal does pull BNOC into a tighter entity, thus making it more difficult for any future disenchanted Government to split the Corporation up. After all, the Conservatives have hinted that they might sell off some of BNOC's commercial assets. Was this a reason why Lord Kearton and his team sought such a large tranche of money so early in the Corporation's life? "It didn't cross our minds," he said.

There was, said Lord Kearton, no record of a British Government behaving in a manner against overseas interests. So was this the reason why the majority of the money, some $675m., will be provided in U.S. domestic dollars? No, replied BNOC. The U.S. was the biggest source of funds and the Corporation would probably want to return there for more in the future. As part of the financing arrangements a U.S. corporation called Britoil—registered as a charity for tax reasons—will forward purchase oil from BNOC.

Although a large chunk of the loans will be used to repay the high-interest Government borrowings, there is a ready need for the cash arising from the Corporation's exploration and development commitments. The undertaking spent about £400m. in its first year. The recently published annual report shows that it will spend at least £420m. on oil and gas development in the next few years; its five-year plan now with the Government is believed to include a much higher estimate for spending.

The Corporation has a number of cash sources, however. Apart from the bank loans, it will receive revenue from its equity stakes in the six oil and gas fields now in production or under development. It can also draw on the National Oil Account (funded largely from oilfield royalties). This year the Account could provide BNOC with £130m. to £140m.

Market price

In addition, the Corporation hopes to make a profit from the oil it can buy under state participation arrangements. Although the Corporation has agreed to pay the market price for all this oil, it would like to resell at premium rates. This raises the vexed question about what constitutes a market price. Companies might well argue that the premium rates sought by BNOC are the going market prices. In any event, Lord Kearton is making it plain to all offshore operators that the Corporation intends to exercise its option; scores of outline agreements have already been signed.

In this respect, the future aspirations of BNOC are becoming clearer. The Corporation is anxious to look for, and obtain, as much crude oil as possible. With this aim it may well be venturing into overseas territories in the next few years. It has already been invited by a number of countries and, apart from the attraction of finding more oil, BNOC sees the benefit of offering its staff the chance of serving overseas in less heavily taxed environments. Indeed, this search for oil will take precedence over diversification into downstream activities like refining and chemical manufacturing.

Capital commitments will extend far beyond the development of the six "commercial" fields. The Corporation also has to meet heavy expenditure on the Sullom Voe oil terminal in Shetland. And it is deeply involved in offshore exploration: the fifth round licences alone will give BNOC an interest in at least 42 exploration wells (a minimum of 42½ wells to be exact).

And then there are the non-commercial finds that have still to be evaluated or developed. Lord Kearton said that talks had begun with Amoco and Continental Oil over the possible development of the Hutton and North West Hutton fields. A decision to go ahead could be taken next year.

Coincidentally, the financing deal followed within a matter of days the return of tenders for the construction of the Murchison Field platform. Here again, BNOC is in for some hefty capital expenditure. The Corporation has a one-third share in the U.K. portion of the field (most of the reserves lie in the British sector).

Industry estimates suggest that development costs for the field will be between $750m. and $1bn. As the Murchison partners are likely to build a spur pipeline to connect the field with the Brent pipeline system, the final cost will probably be well over $900m.

All four U.K. steel platform fabricators are in the running for the badly-needed contract. Highland Fabricators, Laing Offshore, McDermott and Redpath Dorman Long each submitted detailed tenders, as did the French company, Union Industrielle et D'Enterprise.

The Murchison partners, led by operator Continental Oil, have taken a good deal of Norwegian political criticism for not including Norwegian yards in the tender list. After all, Murchison does straddle the U.K./Norwegian median with perhaps 20 per cent. of reserves in the Norwegian block 33/9.

The criticism appears to have been unfair, however, for Conoco did ask the Aker Group if it was interested. Apparently Aker declined to bid.

Whoever wins the contract is faced with a challenging task. The basic "jacket" will be 22,500 tonnes—the largest barge-launched structure constructed for the North Sea, or any other offshore area for that matter.

The construction schedule will also be tight. Conoco is seeking a float-out date in April 1979. This will enable production to begin in 1980, less than five years after the field's discovery.

How this schedule will be influenced by political considerations remains to be seen. The recent Ekofisk Field well blow-out has made both the British and Norwegian Governments more critical of the platform configuration and offshore manning arrangements. There have been suggestions that operators will be encouraged to provide separate accommodation facilities. The Murchison partners seem confident that their development plan, now with the Department of Energy, will be allowed to stand.

But the group is aware that the total development of the Anglo/Norwegian field will need both a bilateral international agreement, similar to the one agreed for the Frigg Field, as well as a unitisation pact.

The three partners, each with equal shares, on the British side—Conoco, BNOC and Gulf—are still a long way from reaching a unitisation agreement with the partners in the Norwegian sector (Amerada, Amoco, Conoco, Exxon, Mobil, Saga, Shell, Statoil and Texas Eastern).

It is inconceivable that the companies will fail to agree on how the field should be divided between the U.K. and Norway, but even if it takes several years to sort out, Conoco, BNOC and Gulf are prepared to go ahead with development by 1980. A delay in unitisation will mean that the partners will concentrate initially on draining the UK portion of the field, postponing the sinking of deviation wells into the Norwegian sector.

The Conoco Group should achieve peak production from the field in 1983. The platform will have a design capacity of 150,000 barrels a day although unofficial reports in the industry indicate that the average peak output will be nearer 120,000 b/d.

Confusion

Reserve figures are also a matter of conjecture. Conoco prefers not to release a figure at this stage. BNOC, in its annual report, puts proven recoverable reserves for the U.K. sector as 45m. tonnes, or 330m. barrels. Stockbrokers Wood, Mackenzie, estimates that reserves for the whole field are between 320m. and 400m. barrels while Hoare Govett believes that the U.K. portion alone could contain 350m. barrels. To add to the confusion brokers Gilbert Eliott contends that all these estimates are too conservative and that ultimately recoverable reserves of the whole field will be nearer 700m. barrels.

In truth only the operating group has a reasonable idea of the size of the field, and even here it will not be certain until a number of production wells have been drilled. Mobil's Beryl Field is a case in point where the shape, size and position of the discovery is still being evaluated after almost 12 months of oil production.

The varying opinions of [illegible] reserves and production [illegible] not only lay traps for indu[strial] commentators, they [illegible] account in part for the [vola]tility of share prices, part[icu]larly of the smaller compa[nies] involved in offshore expl[ora]tion.

We publish here, for [ex]ample, the range of estim[ates] for fields which have yet t[o be] declared commercial and, [con]sequently, for which there [is] no official reserve or pro[duc]tion figures. The statistics [were] taken from just four sour[ces;] no doubt the range of estim[ates] would have widened even [fur]ther if other estimates [had] been included.

While there is a fairly [con]sistent opinion about the [size] and performance of a num[ber] of fields (Alwyn, Andrew, [...] Tern, for instance), there [are] some obvious peculiari[ties] thrown up by such comp[ari]sons. Not surprisingly [...] Ocean's Brae Field, a puzzl[ing] prospect for the operators, [...] baffles industry observers. [...] broker thought that at [this] stage no more than 250m. [bar]rels of oil reserves had b[een] identified as recoverable us[ing] a one-platform production [sys]tem. At the other extre[me] another broker felt that [...] Ocean might recover 1.1[bn.] provided the operators ca[n] overcome the problem [of] apparent poor produ[ction] characteristics.

If the higher figure [is] attained, then Brae will [...] its early promise of being [one] of the biggest fields in the U.K. sector of the North Sea. [...] even though considerable [ex]ploration and appraisal drill[ing] has been undertaken on [the] Brae structure, it is still [too] early to be confident about [the] higher estimates.

U.K. "PROBABLE" OIL FIELDS

	Block	Estimated reserves (million barrels)	Potential peak production (thousand barrels/day)
Alwyn	3/14a	300-500	80-100
Andrew	16/28	150/200	50-60
Beatrice	11/30	200-500	50-125
Brae	16/7	250-1,100*	50-400*
Buchan	20/5 & 21/1	115-250	48-100
North Cormorant	211/21	250-450	75-150
Hutton	211/27 & 211/28	150-350	0-80**
North West Hutton	211/27	250-750	60-200
Magnus	211/12	350-400	100-250
Maureen	16/29	120-150	35-80
Tartan	15/16 & 14/20	260-400	75-100
Tern	210/25	250-400	75-125
Thelma	16/17	300-500	80-150

*Lower estimate based on one-platform development of southern part of Brae only; higher estimate based on development of the whole Brae structure.

**One of the sources felt that the field would not be developed.

Sources: Wood, Mackenzie; Hoare Govett; Gilbert Eliott & Co.; Prof. Colin Robinson and Dr. Jon Morgan of Surrey University

RACING

BY DOMINIC WIGAN

Orange Bay may beat Meneva[l]

THIS AFTERNOON'S renewal of the Hardwicke Stakes promises to be the most intriguing race on this, the final day of the Royal meeting. The field of seven includes last year's winner, Orange Bay, Ireland's Meneval and Quiet Fling, the neck runner-up in the Coronation Cup.

My idea of the probable winner is Peter Walwyn's top-class ex-Italian colt Orange Bay.

A somewhat disappointing fourth of 11 behind Decent Fellow in the John Porter Stakes at Newbury on his first appearance of the campaign, Orange Bay left that form well behind on the same course three weeks later, running out a clear-cut winner of the Aston Park Stakes.

Always travelling well within himself in the Aston Park, Orange Bay mastered his market rival, Laomedonte, a furlong from home and won, strictly on merit, by a length with Gale Bridge three lengths back in third place.

I cannot see the runner-up reversing the places on identical terms, and a greater threat is almost certainly Meneval. Vincent O'Brien's Le Fabuleux four-year-old, the unbeaten winner of four races last term, created a favourable impression on his reappearance in the Royal Whip at the Curragh in May, keeping on well to take fifth place behind stablemate Alleged in spite of looking in need of the run.

In what promises to be another absorbing race for this Group Two event, Orange Bay is just preferred to his Cashel opponent.

No two-year-old created a better impression at Newmarket's Guineas meeting than Hawkins, the seven-length winner of the May Stakes, and it will be interesting to see whether he can deal with far tougher competition in the Windsor Castle Stakes.

Although he faces obviously smart juveniles in the Irish trio, Baudine, Tardot and Sunwiog, I again expect Mr. Richard Galpin's Captain's Gig colt to come out on top.

Just over an hour after partnering Meneval, Les[ter] Piggott, who had an armch[air] ride on Sagaro in yesterda[y's] Gold Cup, will be on another t[op-]class performer from O'Brie[n's] establishment, Godswalk.

This handsome grey, Dance[r's] Image colt, whose only def[eat] to date came when he went do[wn] to Cloonlara at Phoenix P[ark] last year, faces his stiffest t[ask] so far in the King's Sta[nd] Stakes.

If he can reproduce the b[ril]liance he showed when a [...]length winner of the Ballyo[gan] Stakes at Leopardstown ea[rlier] this month, Godswalk sho[uld] prove too nippy for a str[ong] international field which [in]cludes three from France—R[...] Navarro, Girl Friend and K[ing] of Macedon.

An already highly profita[ble] meeting for Piggott should [end] on a winning note, for that v[er]satile course winner John Che[rry] appears to have a reasona[bly] simple chance in the stay[ers'] event, the Queen Alexan[dra] Stakes.

At to-day's other meeting, A[yr,] where the ground is riding sof[ter] than at Ascot, Barry Hills a[nd] Ernie Johnson can be expect[ed] to score with both Lady La[m]bourn and Love from Vero[na.] The last-named appeals as [a] safe proposition.

ROYAL ASCOT
2.30—Hawkins
3.05—Orange Bay
3.45—Calibina
4.20—Godswalk***
4.55—Turo
5.30—John Cherry

AYR
3.15—Thirty Blinks
3.45—Lady Lambourn*
4.45—Love From Verona**

SALEROOM

BY ANTONY THORNCROFT

Strad bought in at £64,000

THE MOST important auction in London yesterday was at Sotheby's where musical instruments were old for £178,881. Unfortunately, the two most important lots failed to find buyers—a Stradivari violin being bought in when the bidding reached £64,000 and a violin by Matteo Goffriller attracting bids up to £20,000. Both fell just short of the asking prices.

On the other hand, a violin by Guarneri of 1681 sold for £11,500; a violoncello by Rugeri £11,000; a violin by Gagliano £10,500; a violoncello, labelled Joseph Gagliano £9,200; and a Cibertini violin £4,600.

Also at Sotheby's jewels totalled £145,333, with Seymour buying a cabochon ruby mounted as a ring for £7,500 and a ruby and diamond heart-shaped pendant for £5,000. A silver auction realised £46,421, with a George I coffee pot going for £1,350 and a pair of George III oblong entree dishes for £980.

The demand for pictures by Frans Post continues. At Christie's in New York on Wednesday the London dealer Leger paid £75,000 for a view of a plantation house in Brazil which had been identified as an unrecorded work by Post from a photograph taken into Christie's recently-opened New York saleroom.

In all, the auction of Old Masters totalled £542,583. Other high prices were the £26,000 from another London dealer, Richard Green, for a portrait of Madame Bonier de la Mosson as Diana by Jean-Marc Nattier, and the £11,942, from Leger, for a Mediterranean seaport capriccio by Abraham Storck. A Murillo of the Virgin as Mater Purissima went for £9,428.

Meanwhile, at Christie's in London yesterday, furniture fetched £58,119. A Regency mahogany breakfront library bookcase sold to Rubin for £3,400, and a Regency mahogany writing table was bought by Phillips and Harris for £2,[...] London dealer Wright pa[id] £1,450 for a George III giltwo[od] mirror.

Phillips sold musical instru[ments] for £39,670. An 1840 cel[lo] by the Silvestre brothers went [to] Rogers for £5,000, and a chamb[er] bass made by William Dav[...] around 1840 was bought [by] Thwaites for £400.

At Stanley Gibbons, Gre[at] Britain stamps totalled £46,6[...]. An unused block of four of th[e] 1841 2d blue from plate thre[e] was bought for £3,000, and a le[t]ter sheet essay by J. V. Buchanan, submitted in 1840 fo[r] consideration as a design for pr[e]paid postal stationery, fetche[d] £2,500 as against a £500 forecas[t].

A penny black from pla[te] eight, sent in December 1840 [to] Southsea, which in 1973 sold [at] Gibbons for £105, yesterday ma[de] £400.

Bonham's brought £50,199 fo[r] pictures with a top price [of] £1,000 for a pair of views o[f] Sumatra catalogued Daniel.

TV/Radio

BBC 1

† Indicates programme in black and white.

6.40 a.m. Open University (UHF only). 10.23 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 11.45 Cricket—Jubilee Test: England v. Australia. 1.30 p.m. Playboard. 1.45 News. 2.02 For Schools, Colleges. 2.55 Cricket—Jubilee Test: England v. Australia. 3.53 Regional News (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 Inch High Private Eye. 4.40 Screen Test. 5.05 Stories Round the World. 5.35 Captain Pogwash.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Sportswide.
7.00 The Wonderful World of Disney.
7.45 The Water Margin.
8.30 No Appointment Necessary.
9.00 News.
9.25 "Medical Story."
10.55 To-night (London and South-East only).
11.25 Regional News.
11.26 Ballroom Champions.
†12.00 The Friday Film: "Jungle Street."

All Regions as BBC 1 except at the following times:—

Wales—1.30-1.45 p.m. Tredwt. 5.55-6.20 Wales To-day. 7.00 Heddiw. 7.20 Twndish. 7.45-8.30 The Wonderful World of Disney. 9.25 Max Boyce in Concert. 10.05 Rugby: Lions '77. 10.55 Kane on Friday. 11.25-11.26 News for Wales.

Scotland—5.55 p.m. Reporting Scotland. 6.15-6.30 Conference '77. 6.30 Join BBC 1 network for Nationwide. 7.00 The Tom and Jerry Show. 7.05 The Food Programme. 7.30 Sunshine. 8.00 No Appointment Necessary. 8.30-9.00 Current Account. 10.55 The Pleasure Is Mine. 11.25-11.26 News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 10.55 Election Special. 11.25-11.26 News for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth). 10.55-11.25 East (Norwich) On Camera; Midlands (Birmingham) Personal Account; North (Leeds) In Conversation; North-East (Newcastle) Friday North; North-West (Manchester) A Run Across The Island; South (Southampton) See It My Way; South-West (Plymouth) Peninsula; West (Bristol) Just You, Just Me.

BBC 2

6.40 a.m. Open University.
11.00 Play School.
11.25 Cricket, Tennis, Racing.
6.35 p.m. Open University.
7.00 News on 2 Headlines.
7.05 Model World.
7.30 Newsday.
8.05 Gardeners' World.
8.35 The Money Programme in America: how do the Americans see us?
9.00 Call My Bluff.
9.30 North With NYJO: The National Youth Jazz Orchestra on tour in Scotland.
10.20 Murder Most English.
11.10 Late News on 2.
11.20 Tennis, Cricket highlights.

LONDON

9.30 a.m. For Schools. 12.00 A Handful of Songs. 12.10 p.m. Pipkins. 12.30 Those Wonderful TV Times. 1.00 News. 1.20 To-day's Post. 1.30 About Britain. 2.00 Money-Go-Round Good Afternoon. †2.25 Friday Matinee: "The Outcasts Of Poker Flat." 3.50 The Cedar Tree. 4.15 The Georgian House. 4.45 The Gene Machine. 5.15 University Challenge.
5.45 News.
6.00 To-day — London Looks Forward.
6.35 Crossroads.
7.00 Beryl's Lot.
7.30 The Many Wives of Patrick.
8.00 General Hospital.
9.00 Police Woman.
10.00 News.
10.30 Police 5.
10.40 The Friday Film: "Scream And Scream Again," starring Vincent Price.
12.30 a.m. Close: Judith Davis reads from "Witnesses" by Clive Sansom.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.25 Benson and Hedges Showjumping. 5.15 Royal Sandringham. 6.00 About Anglia. 7.00 Sale of the Century. 10.30 Probe. 11.00 Mystery Movie: McCloud. 12.40 a.m. Christians in Action.

ATV

1.20 p.m. ATV Newsdesk. 2.25 Movie Matinee: "The Coming-Up Of David Lev." 5.15 Friday's People. 6.00 ATV Today. 7.30 General Hospital. 8.30 Sale of the Century. 9.00 The Sweeney. †10.30 The Tough Guy Movie: "Kiss Tomorrow Goodbye." 12.25 a.m. Something Different.

BORDER

†1.20 p.m. Border News. 2.25 Benson and Hedges Show Jumping. 5.15 Happy Days. 6.00 Border News and Lookaround. 7.30 General Hospital. 8.30 Sale of the Century. 9.00 The Sweeney. 10.30 Border Parliamentary Report. 11.00 McMillan and Wife. †12.40 a.m. Border News Summary.

CHANNEL

†1.18 p.m. Channel Lunchtime News and What's On Where. 2.25 Benson and Hedges International Showjumping. †6.00 Report at Six. 7.00 Challenge of the Sexes. 7.30 General Hospital. 8.30 Beryl's Lot. †10.28 Channel Late News. †10.32 Late Night Movie: "The Bells Of St. Mary's." †12.45 a.m. News and Weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 2.25 World Show-jumping Championships. 6.00 Grampian To-day. 7.00 Happy Days. 7.30 General Hospital. 8.30 The Entertainers: Rolotto. 9.00 The Sweeney. †10.30 Late Night Movie: "The Vampire Lovers," starring Peter Cushing, followed by road report. 12.05 a.m. Reflections.

GRANADA

1.20 p.m. This Is Your Right. †2.25 Friday Matinee: "Men Against the Sun." 3.35 The Master Chefs. 5.10 This Is Your Right (second chance to see to-day's lunchtime programme). 5.15 Crossroads. 6.00 Granada Reports. †6.30 Dennis The Menace. 7.30 General Hospital. 8.30 Sale Of The Century. 9.00 The Sweeney. 10.30 For Adults Only. Susan Hayward in "Valley of the Dolls."

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 2.25 Benson and Hedges Show-jumping Championships. 4.15 The Adventures of Black Beauty. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 When Things Were Rotten. 7.30 General Hospital. 8.30 Sale of the Century. 9.00 The Sweeney. 10.35 Benson and Hedges Showjumping Championships (highlights). 11.05 The Late Film: "John Goldfarb, Please Come Home," starring Shirley MacLaine.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.15-4.45 Taro'mlaen. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†1.25 p.m. News Headlines and Road and Weather Report. 2.00 Women Only. 2.25 Benson and Hedges International Showjumping. 5.15 Professor Kitzel. 5.20 Crossroads. 6.00 Scotland Today. 6.30 University Challenge. 7.00 The Fosters. 7.30 General Hospital. 8.30 The Many Wives of Patrick. 9.00 The Sweeney. 10.30 Ways and Means. 11.05 Late Call. 11.10 Shaft.

SOUTHERN

1.20 p.m. Southern News. 5.10 Weekend. 5.20 Crossroads. 6.00 Day by Day (Channels 6, 11, 27, 42, 59 and 60). 6.00 Scene South East (Channels 10, 43, 64 and 66 only). 6.30 Tell Me Another. 7.30 Sale of the Century. 9.00 Hawaii Five-O. 10.30 A Southern Report. 11.00 "Not of This Earth." 12.20 a.m. Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. North East News and Lookaround. 2.25 Benson and Hedges International Show-jumping. 5.15 The Brady Bunch. 6.00 Northern Life. 7.30 General Hospital. 8.30 Sale of the Century. 9.00 The Sweeney. 10.30 Sportstime. †11.05 The Friday Night Film: "The Murder Game." 12.35 a.m. Open Hible.

ULSTER

1.20 p.m. Lunchtime. 2.25 Benson and Hedges Showjumping. 3.48 Ulster News Headlines. 5.15 The Woody Woodpecker Show. 6.00 Ulster Television News. 6.05 Crossroads. 6.35 Reports. 6.50 Police Six. 7.00 Beryl's Lot. 7.30 General Hospital. 8.30 Sale of the Century. 9.00 Baretta. 10.30 What's It All About (Church Report). 10.45 Friday Film (The World of Miss World). 12.25 a.m. Bedtime.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Benson and Hedges International Show-jumping. 6.00 Westward Diary and Sports Desk. 7.00 Challenge of the Sexes. 7.30 General Hospital. 8.30 Beryl's Lot. 10.28 Westward Late News. †10.35 Late Night Movie: "The Bells of St. Mary's." 12.45 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. †2.25 Friday Film Matinee: "A Window in London." 5.15 Horses in our Blood. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 General Hospital. 8.30 Sale of the Century. 9.00 The Sweeney. 10.30 Five-pensy Piece at the Wheeltappers. †11.00 The Friday Night Film: "Station Six—Sahara."

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! including 5.30 Newsbeat. 7.00 Free Spin (joins Radio 2). 10.02 John Peel (S) (also on VHF). 12.00-5.30 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S) including 12.02 and 1.02 p.m. Isle of Man TT Races. 1.50 Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1,500m. only (also 202m. Scotland) 2.45 and 3.45 Sports Desk and Racing at Royal Ascot. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.02 Cross-Channel Motoring Information. 6.45 Sports Desk. 7.02 Free Spin. 7.30 Sports Desk. 7.33 Twenty-Five Years (S). 8.02 Frank Chacksfield conducts the BBC Radio Orchestra on record (S). 9.02 Friday Night is Music Night (S). 10.02 Sports Desk (1,500m. only, also 202m. Scotland, VHF joins Radio 1). 10.07 Sequence Time (1,500m. only, also 202m. Scotland, VHF joins Radio 1). 11.02 Sports Desk (1,500m. only, also 202m. Scotland, VHF joins Radio 1). 11.05 Len Jackson with The Late Show (1,500m. only, also 202m. Scotland, VHF joins Radio 1 until 12.00) including 12.05 a.m. Golf: latest news of the U.S. Open. 1.02-5.30 Rugby Special: build-up to the First Test between the British Lions and New Zealand, and at 3.30 "live" commentary on the whole match.

RADIO 3 464m, Stereo & VHF

‡ Medium Wave only

6.00-7.00 a.m. Open University. ‡6.55 Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Debussy (S). 9.45 BBC Concert Orchestra (S). 10.45 Cricket Songs (S). ‡11.25-6.40 p.m. Cricket: Jubilee Test: England v. Australia commentary, comments and summaries, including lunch summary; 1.35-1.40 News; 1.40-2.00 Playbill; 2.00-2.10 Lunchtime Scoreboard; 2.10-4.20; 4.35-6.40 Commentary with close-of-play summary. 11.25-12.00 Soviet Piano Music (S) (VHF only). 12.00 Midday Concert part 1 (S) (VHF only). 1.00 p.m. News (VHF only). 1.05 Playbill (S) (VHF only). 1.25 Concert (S) (VHF only) part 2. 2.15 Scottish Repertoire (S) (VHF only). 3.25 Chamber Concert (S) (VHF only). 4.45 The Young Idea (S) (VHF only). 5.45-7.00 Open University (VHF). ‡6.40-7.40 Lifelines: Leisure and Recreation. 7.40 BBC Symphony Orchestra (S). 8.50 The Living Poet. 9.20 BBC Singers at St. John's (S). 10.35 Music Now. 11.15 Telemann concert (S). 11.25-11.30 News.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour. 6.52 (VHF) Regional News. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 7.52 (VHF) Regional News. 8.00 News. 8.10 Today. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People (‡ from 9.40). ‡10.00 News. ‡10.05 Checkpoint. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 The Centenary of Recorded Sound. 11.50 Faces From My Past. 12.00 News. 12.02 p.m. You and Yours. 12.27 Quote ... Unquote. ‡12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (‡ from 2.00) from Bristol, including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Radio Burps. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report (VHF) Regional News. 5.55 Weather: programme news. 6.00 News. 6.15 Punch Line. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Pick of the Week. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.25 Week ending ... 11.50 News.

For Schools (VHF only) 9.40-11.40 a.m. and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. Call In including 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen (as Monday). 7.30 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.). 8.30 Black Londoners. 10.00-Close As Radio 2.

London Broadcasting

261m and 97.3 VHF

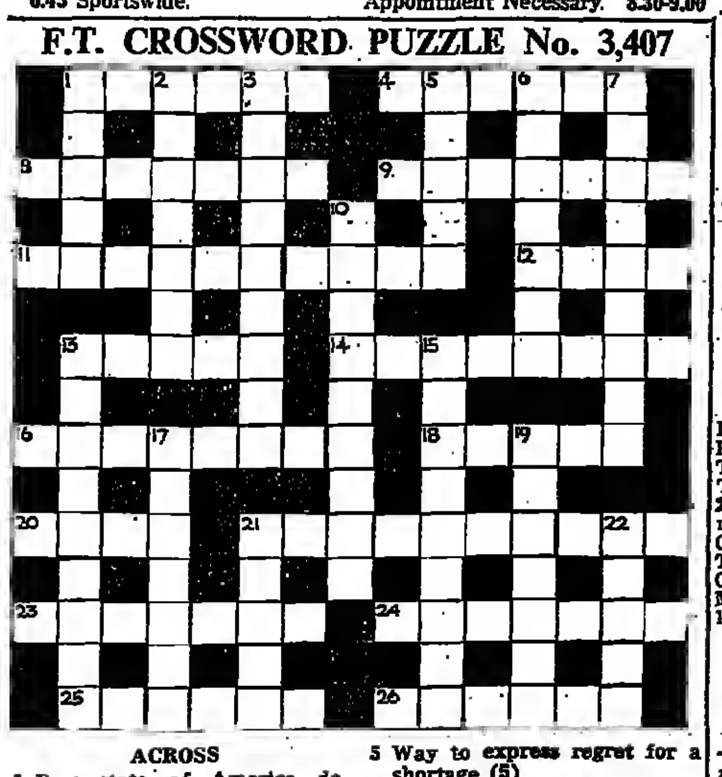
5.00 a.m. Morning Music. 6.00 "A.M." —breakfast-time show. 10.00 Brian Hayes. 12.45 p.m. Midday Report. 1.30 LBC's after-lunch special with Claire Rayner and Vivian White. 4.45 Afternoon Report. 5.30 Newsbreak. 8.00 Music in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Tony Myatt's Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash. 3.00 p.m. Greg Edwards with Three O'Clock Thrill. 7.00 Lord George-Brown's Capital Commentary. 7.10 London Today. 7.30 Bryan Wolfe's Open Line. 9.00 Nicky Horne's rock programme. 11.00 Mike Allen's Late Show. 2.00 a.m. Ian Davidson's London Link International.

F.T. CROSSWORD PUZZLE No. 3,407



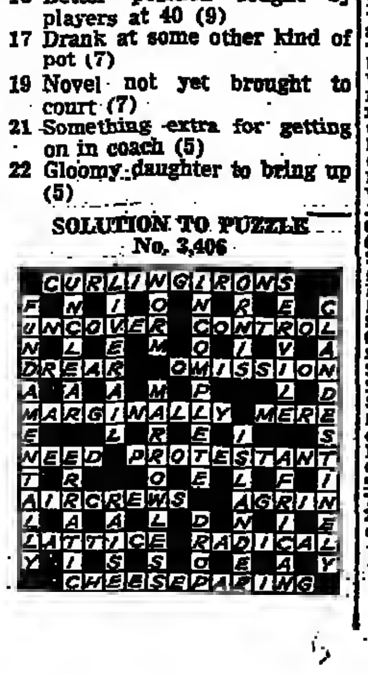
ACROSS

1 Raw state of America depressed . . . (6)
4 . . . by quarrel from a distance over beastly litter (6)
8 Page one deserved to be stolen (7)
9 Heavyweight friend causing death (7)
11 Recover exuberance second (6, 4)
12 Russian one took to front (4)
13 Tedious nuisance who knows the drill (5)
14 Sluggishness during fighting (8)
16 Understand how to arrive (3, 5)
18 Sign of victory coming before a last month of Spring (5)
20 Hide swindle (4)
21 Musing about colourful subject for investigation (5, 5)
23 Drug company on mutinous ship (7)
24 Astronomer gives girl one heavenly sign (7)
25 Cult is getting right out of the habit (6)
26 Twister on drunken spree (6)

DOWN

1 Accountant joining Inland Revenue has nothing but foreign capital (5)
2 Beginner left breadwinner (7)
3 Single stage that may be the making of a bachelor (3, 6)
5 Way to express regret for a shortage (5)
6 He's not starry-eyed about a catalogue (7)
7 Easily win a fight during politician's meet the people exercise (4-5)
10 Highly suitable London location for Scots leader to have a terrible shindy (6, 3)
13 Fail during analysis (5, 4)
15 Better position sought by players at 40 (9)
17 Drank at some other kind of pot (7)
19 Novel not yet brought to court (7)
21 Something extra for getting on in coach (5)
22 Gloomy daughter to bring up (5)

SOLUTION TO PUZZLE No. 3,406



هكذا من الأصل

Cinema

Child Power

by NIGEL ANDREWS

The Watchmaker of Saint-Paul (AA) Academy Two
Small Change (A) EMI Bloomsbury
Le Gang (A) Curzon

After Gay Liberation and Women's Liberation, what is next on the agenda? My tip for the new headline-catching, media-mobilising freedom campaign is Children's Liberation: a movement that has already reared its head in the cinema's nightmare department—witness the terrible infants of *The Exorcist* and *The Omen*, or the battering babies of *It's Alive* and *I Don't Want To Be Born*—and that has also manifested itself in such "family entertainment" as *Bugsy Malone* and *Echoes Of A Summer*, where toughness and precocity, rather than cuteness and sentiment, seem to be the new prescription for "U" certificate cinema.

Two new French films, Bertrand Tavernier's *The Watchmaker of Saint-Paul* and Francois Truffaut's *Small Change*, both offer us a view across that yawning ravine known as the generation gap: one from the parents' viewpoint, the other from the children's. Tavernier's film is an adaptation of a Simenon novel about a man whose easygoing, uninquisitive relationship with his son takes a turn for the more horrifyingly involved when the son is arrested on a murder charge. Truffaut's film is a loose, lively, sentimental-comic impromptu following the varied adventures of a group of children who live in the same town, and go to the same school, somewhere in provincial France.

Both are films I have seen before at festivals, and both are films that improve immeasurably on a second viewing. Neither is as simple as it first looks. *The Watchmaker of Saint-Paul* keeps a firm hold on our interest merely as a police thriller — with the time-honoured ingredients of a brutal and mysterious crime, a dogged and unflappable police inspector (complete with all-weather raincoat), and a plentiful supply of red herrings to keep us guessing not so much Whodunnit, which is clear from the outset, as why-he-dunnit.

But the film functions no less intriguingly as a character study: the story of a plump, genial, even-tempered provincial the clock-like equanimity of whose life is suddenly disrupted by *scandal* and *tragedy in* his domestic midst. The said provincial (admirably played by Philippe Noiret) is a watchmaker who owns a small shop in a suburb of Lyons. Thither come the police one morning to announce that his son, Bernard, is wanted on a murder charge. The dead man, it appears, was a security officer at the nearby factory where Bernard's girlfriend worked. The boy and girl have run off together, taking the father's car with them: which the police have found abandoned, and helpfully littered with clues, somewhere outside Lyons.

The film slowly and dutifully fits together the pieces of the criminal jigsaw until they—almost—fit. But the details of the police investigation are never allowed to upstage Tavernier's caustic-compassionate account of the protagonist's bewilderment; or the beautifully harmonised subplot depicting the relationship between the father and the police inspector (Jean Rochefort).

Rochefort plays a prim, moustachioed Gloucester to Noiret's rueful, portly Lear, the former's parental cross taking the form of a wealthy daughter whose only interest in her father is as the daily walker of her Afghan dog. These two dispossessed and disappointed patriarchs wander through the film alternating their statutory question-and-answer sessions with such glumly funny exchanges as that in the dining-car of a train where Rochefort, having robbed Noiret of his appetite by telling him his son has been captured and charged, promptly helps himself slice by slice, gherkin by gherkin, to his friend's *hors d'oeuvre*.

The haze of mystery surrounding the motive of the son's crime never quite clears. Was it *political*? *Was it a crime of passion*, prompted by the victim's sexual overtures to the boy's girlfriend? What do clear are the clouds of parental complacence from the father's head, revealing that it is not enough vaguely to love and vaguely to cherish one's children—one must talk to them, as he had seldom done, and try to understand them. Not that the film comes up with anything so facile as that cracker-barrel message. Its richness lies in the casual, humorous, quirky way it sprinkles the clues to its meaning before us: the audience must come ready to do its own detective work.

★

Truffaut's film is also a plea for better understanding between the generations. But unlike Tavernier's it does fall prey to the temptations of message-mongering. Near the end, the kindly schoolmaster who is the film's leading adult character treats his class to a cloying sermon on childhood—its joys and sorrows, its pains and privileges—which I wish Truffaut had had the good sense to shorten or snip out. Two themes loom large, in the sermon as in the film: the resilience shown by children in the face of all the condescension and indignities that the adult world can inflict on them, and conversely the persistence shown by adults in treating children as—to use the phrase of the day—"second-class citizens." For the most part these ideas are wittily embodied in the plot—a *helter-skelter sequence* of jokes and anecdotes and whimsical asides—but the earnest tones of the preacher are never, one feels, too far away.

Structurally the film is a crazy quilt of childhood sketches in which each filmgoer must pick out his favourite. The best episodes, to my mind, are the most unfussily comic: the scene in which a hungry girl, left behind in a locked flat by her father who has gone out to dine his mistress, booms an SOS through a loudhailer into the apartment-block courtyard and is soon rewarded by a basket of food sent up by her neighbours on a rope and pulley. Equally direct and funny are two wordless scenes in a cinema: one detailing Machiavellian schemes for illegal entry, the other an extended and hilarious *pas de quatre* of heavy petting.

Truffaut's adoration of his child cast is clear: and the sense of self-identification is almost as strong as in that mesmeric piece of childhood autobiography *The 400 Blows*. But his partiality works both for and against the film. The children can do no wrong. (And whenever they do do wrong, as with the boy who is a compulsive thief, broken-home excuses are legion). The adults, by contrast, can do no right. They are sometimes cruel, sometimes scatty, sometimes feckless: always one-dimensional. There is an odd irony in making a film which tells adults to Treat Children As Equals, and then demotes those adults to an echelon of silliness that children would not wish to emulate if they could.

Mostly, however, the film skirts as many pitfalls as it stumbles into: and the performances are a delight. One boy in particular — plump, blond, moon-faced, his features ever wreathed in an inscrutable grin—is a real comic discovery: a wall of Keaton-like impassivity against which Truffaut bounces the stories of the other boys. And although it is too laboriously spelled out, the final moral, as one would expect from Truffaut, is a humane and admirable one. Do not treat children as helpless — they can often get along without adults a lot more easily than adults can without them.

★

The week's third excursion tour through provincial France is *Le Gang*: "un film gangster," as the French have picturesquely dubbed the genre, brought to us by the makers of *Borsalino*. Director Jacques Deray and star Alain Delon have here updated the proceedings by some years, to place us in a 1949 France in which—so the film would have us believe—the French police were so busy purging their own ranks of *collaborateurs* that it was open season for the criminal underworld. *Otherwise* the mixture is baroquely and back-slappingly as before: a fulsome blend of period chic and rousing shoot-'em-outs and spry, knowing nods to the Hollywood gangster *tradition*.

Delon, wearing, for reasons unaccountable, a Three Stooges wig, plays the leader of the eponymous gang, and clearly revels in the opportunity to shake off the chilly shades of *Mr. Klein*. The film hurtles from one set piece to another—a police siege at a country inn, a chase over a railway station roof—with scarcely a pause for breath: and any tendencies to inattention on the filmgoer's part are further checked by a deafening piano score. This is the cinema of instant perishability. It fills your mind while you are watching it, but fades immediately on contact with daylight. But if you are a devotee of the nostalgic crime caper, this one has enough style and energy to be slightly better than most.

Boys from 'Small Change'

Glyndebourne

Falstaff

by MAX LOPPERT

Renato Capecchi and Teresa Cahill

The current revival of Jean-Pierre Ponnelle's production, which opened on Wednesday, was rehearsed by Julian Hope. He has managed to tone down, in degree if not in quantity, some of its original enormities (there seems to be less of Falstaff's chortling, nose-picking page). But he has not managed to alter in its essence a Verdi production undertaken by someone utterly unable to hear, absorb or understand anything of Verdi's music.

To Ponnelle's ceaseless round of frenetically vulgar "improvements" to the action, most of them in flat contradiction of the demands or the sense of the libretto, objection *can rest with* their constant interference in precise musical execution. It was not a good idea to play the first scene of the young lovers invisible and in silhouette behind the washing line, for the singers lost the conductor's beat. It was not a good idea to have Quickly strike the midnight gong, or Falstaff hoisted in processional around the back of the stage, for similar reasons.

It was a dreadful idea to have Falstaff crawling out of the orchestral pit to sing "Mondo ladro!", for in setting the audience to raucous laughter it drowned out the orchestral introduction and raised hopes of farcical comedy not satisfied in the subsequent, very serious monologue. But then, the very serious side of *Falstaff* is that least comprehended by the producer, who must elaborate and embellish it (in Ford's monologue, in the falling of evening shadows, in the forest humiliation of Falstaff) with dramatic nonsenses. Mood-destruction by elaboration is the keynote of the evening: the result is not only gross, coarse and arrogant but inefficient except as a series of cartoon "moments" fitfully and mindlessly appended to Verdi's supreme masterpiece.

Because in the Ponnelle brand of opera production singers and their characterisations tend to be reduced to ciphers, it becomes hard to comment on individual performances. The American baritone Brent Ellis, first heard (and admired in these pages) in last year's Elizabeth Hall concert of Massenet's *Eve*, made an effect as Ford largely because the excellent qualities of his singing could not be submerged; one retains the sound of a firm, steady, beautifully coloured voice giving each note due weight and significance.

On the other hand, the new Falstaff, the long-admired Renato Capecchi, drew a blank. All the virtuoso verbal flourishes and comic details typical of a Capecchi performance could not work their way beyond the posing, the huffing and the puffing forced on the role here, especially as his singing is now mostly dry and unresonant of tone. Teresa Cahill, Reni

The Entertainment Guide is on Page 40

Penkova and Elizabeth Gale, as Alice, Meg and Nannetta respectively, were competent, no more: as singer Nucci Condò, the Mistress Quickly, was rather less. Max-Rene Cosotti played and sang Fenton pleasantly, in a thinnish *tenorino*.

The saving grace of an evening sorely short on grace was found in the orchestral pit, where the London Philharmonic Orchestra was playing with wonderful sweetness and warmth under John Pritchard's gentle, subtle direction. He and Mr. Ellis had clearly given careful joint consideration to the unfolding of "È sogno? o realtà?"; the phrase-by-phrase building towards its climax was impressively steady. But in intricate polyrhythmic passages, there was no hope of continuously precise ensemble from the singers — female principals forced to flap their arms like pelican wings in the indication of communal high spirits will always find precise execution difficult.

New Gallery

Triquetra-Plus

Certain phrases, when spoken from the platform at so-called avant-garde concerts, have achieved the status of classic farce—"I'm afraid one of the tape-recorders has broken down," "The amplifiers seem to have got out of phase," and, best of all, "Someone is searching for the *right* tape, which is somewhere in the building." Every one of these, and more, was to be heard on Wednesday, with Stanley Haynes as director and apologist. The assisting and suffering instrumentalists were those of Triquetra-Plus, an ensemble which includes such admirable young players as Irvine Arditti (violin), Rohan de Saram (cello) and Kathryn Lucas (flute).

It was supposedly the last instalment of a German-British contemporary music week, though an Argentinian and two French composers had somehow got into the programme. Rolf Gehlhaar's *Solipse* for amplified cello and (missing!) tape-delay system made claim to a later decent *hearing*, and likewise

Book Reviews are on Page 15

Jean-Claude Risset's *Dialogue* for four instruments with computer-synthesized tape. Mauricio Kagel's *Match*, a parodied musical combat (for two cellos, with a percussionist as umpire) was rather disgracefully done. Something of a sensational irreverence in the mid-1960s, it is possibly not funny any more as the composer left it but it is *certainly* not funny if approximated and altered.

After two other pieces had been cancelled altogether through electronic failure, and after two hours in the theatre with only an hour of music, I left. Mr. Haynes may be there still.

ARTHUR JACOBS

Covent Garden

Swan Lake

The delicate articulation, the quickness of muscular response, that give Lesley Collier's dancing its special excellence are not the attributes that might be first expected of a Swan Queen. Nevertheless, on Wednesday they seemed an essential factor in the pure-toned account of the role that she gave, and they brought their own rewards. Miss Collier's Odette is clear in timbre, fresh in impulse; the great tragic duet in Act 2 has a crystalline quality in which the statement of the choreography is precise, and by its precision makes the Swan Queen seem vulnerable.

Small wonder then that Stephen Jefferies' Siegfried manifested so immediate a dedication to her: this Odette is a creature both helpless and appealing. In a début performance that marked his return to the Royal Ballet after a year in Canada, Mr. Jefferies showed that he is a born Siegfried. The characterisation, as this gifted young dance-actor taught me to expect from his days with the Royal touring company, is well-rounded, and sharply alive. Very fine the brooding emotional weight he brought to the solo at the end of Act 1; no less so the vivid commands to his huntsmen at the beginning of the lake scene, and absolutely right his depth of feeling during the pas de deux with Odette.

From both artists a secure technical statement of the third act pas de deux. Once again it was the essential nature of her dancing that coloured Miss Collier's reading; she can capitalise upon extreme speed, and that brightness of facetting to her technique, to make Odile a being of supernatural brightness.

CLEMENT CRISP

ECO's new patron

The Prince of Wales has consented to become Patron of the English Chamber Orchestra Music Society in succession to the late Lord Britten.

Open Air Theatre, Regent's Park

Henry V

Despite its celebrity, this is a play London theatregoers have surprisingly rare opportunities to see. Partly responsible must be Olivier's film, regularly revived and shown on television only a few days ago as appropriate Jubilee fare. But another reason must be that the core of the drama is a battle, one of the two English battles whose names are generally known, and to give us a convincing battle actors are needed, and are costly.

In David Conville's production it is not a disappointment when Harfleur is besieged in the wings, leaving the acting area bare of combatants. The noise of offstage fighting is continued too long but the theatre must obviously exploit its one permanent structure, the pink castle glimpsed beyond the trees. But when Agincourt comes, onstage activity is seriously missed. The sight of a French *renegade* killing some English boys only draws attention to the void of fighting. The historical battle—all done with arrows—conspicuously lacked swordplay of the typically *Shakespearian* parry-and-thrust nature. Yet a style has to be found to convey the sense of struggle, and this production does not discover it.

Where the performances score are in the more intimate passages — the French princes bickering before the battle; several scenes in the English camp.

Henry is not a role that exhibits much humour, save for a few exhortatory puns. With serious face and eyes uplifted he is the stern prefect of the old school (he even says "By Jove!"). There is intelligence in Clive Arrindell's features but he has not been encouraged to set out on a journey of discovery of self, a reading that can greatly enrich the play. It is interesting to note that in his alarmed remorse for the murder of Richard II he is more moving, speaks more from the heart, than in the speechifying to his men.

As a straightforward, middle-brow interpretation of the play this production has pleasant things to offer. In Richard Goolden's bleating King of France it gives us an endearingly decrepit foil to England's warrior sovereign.

JEREMY KINGSTON

Leonard Burt

E. G. Marshall in 'Old Movies,' which opened last night at the Cottesloe Theatre

Duke of York's

Hedda Gabler

There is always room for manoeuvre with this wonderful play and Keith Hack's conventional but edgy production presents us with a heroine whose melancholy finds a more calculating, bitter expression than is usual. Both Jill Bennett and Glenda Jackson have followed this vengeful side of Hedda's character through their interpretations, but Janet Suzman offers the most anguished reading I have experienced.

She is really no closer to Judge Brack than she is to Tesman or than she was to Loevborg. All three men, in fact, are equally repulsive to her. Tesman is often played as a distracted weakling, but Mr. Shrapnel invests the self-absorbed scholar with a donnish fury, slapping his head when he forgets Mrs. Elvsted's name and exploding in exasperated rage when he learns that Loevborg may be contesting the professorship with him. On learning that Hedda has burnt the prophetic manuscript, he assaults her violently. Before collapsing over the sofa, Hedda is allowed to suggest that she is pregnant, interpolating "I'm going to have a . . ." and cutting off as she nearly vomits.

Ian Bannen's Brack is a smooth, self-effacing presence, asserting his hold on Hedda with an almost imperceptible malice and content with his activity right to the final curtain. The suicide, you imagine, will have as much effect on him as a bad day at work. And Jonathan Kent as Loevborg is a handsome young genius, as much a pawn of Destiny in his way as Hedda is in hers. This makes it all the more credible for the impressionable Mrs. Elvsted (Rosemary McHale) to have become the devoted secretary, rather than, as is more usual, the sexually motivated adventurer.

One hopes very much that the West End can support this quality of work, even if you feel that Mr. Hack would like to have been more iconoclastic with the play than he is. Once again, Miss Suzman proves herself a superb emotional artist, never allowing a mood or train of thought to slip by without giving it some sensible, often witty, physical embellishment.

Best of all, perhaps, is the gasp of horror that soon gives way to demonic peals of laughter when Mrs. Elvsted thwarts her act of symbolic child-murder by producing Loevborg's rough notes. You feel for certain that Miss Suzman's Hedda has tried everything in her bid for freedom and that now only the most drastic measures will serve. The transition from a state of frustration to tragic despair has been truthfully and memorably achieved.

MICHAEL COVENEY

Festival Hall

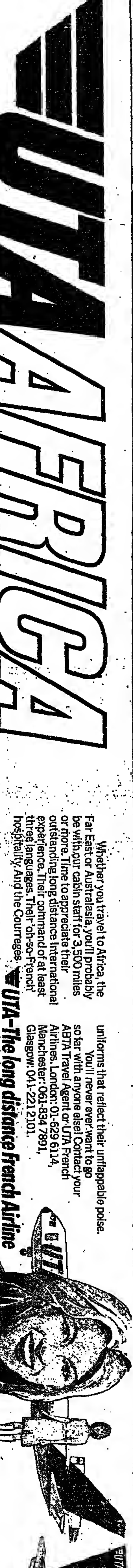
Berlin Philharmonic

There are few sounds more exciting than a *fortissimo* from the Berlin Philharmonic Orchestra: precisely calculated attack, rich and resonant violins backed up by the distant rumble of cellos and basses, solid well-tuned support from the wind, and to seal the gift, a massive thwack on the timpani. But in the accounts of Beethoven's Fifth and Sixth Symphonies which Herbert von Karajan directed on Wednesday, such sound—and the corresponding beauty of the orchestra's quieter moments—remained purely on the level of brilliantly controlled noise, superbly moulded; to what end?

It was a genteel and indeed aristocratic group of peasants we heard enjoying the countryside in Karajan's *Pastoral*: no earthy pleasures (in the form, for instance, of sharply pointed phrasing or detached staccatos) destroyed their langorous progress through a rich and sultry landscape. The brook hurried drowsily along, the merrymaking was suitably delicate, and the storm was a hot and clammy affair.

There are certain features of Karajan's style which asserted themselves during the Fifth Symphony that one can point to in expressing dissatisfaction. The continual desire to press on into the next bar (as in the third movement) results in the persistent affectation of the elided final beat. The disregard of the bass line, still in Beethoven's time fundamental to the musical sense, ensures the complete oblivion of the new figuration for cellos in the Andante's second section, and in the finale's superb descending phrases. But most of all there is the sense of waste that one feels in such potent sounds—a tight and careful oboe, an expressive flute, a vigorous clarinet—being submerged in an interpretation of thoughtlessly forceful anonymity, which serves only to glorify technique and to obscure Beethoven.

NICHOLAS KENYON



EUROPEAN NEWS

Russia needs $5bn. in hard currency to repay bank debts

BY MARY CAMPBELL AND FRANCIS GHILES

THE USSR is having to find over $5bn. in hard currency this year to cover repayments of debt due to big commercial banks, while Mexico is having to find over $7bn. These figures—never before available—appear in a document being circulated by the Bank for International Settlements among commercial banks. The figures break down international bank lending by country and maturity.

The main value of the figures is that they give some indication of the call which debt servicing (excluding interest payments) is making on the foreign exchange resources of most countries in the world. They will be of considerable help to banks in formulating their lending policies to each country and may even help the borrowing countries by giving them a framework within which to improve the structure of their debt.

Other details shown include the fact that the USSR has to repay 53 per cent. of its total debt to commercial banks this year, Turkey has no less than 60 per cent. and Chile 61.2 per cent. These rather alarming statistics have to be looked at in context—the USSR for example has $1.9bn. in unused credit facilities available and a further $3.7bn. in deposits with commercial banks.

In some cases, however, even with the help of unused credit facilities and foreign currency deposits, the picture look bleak. This is particularly true of Turkey, South Africa and Mexico.

Conversely some countries, about which bankers had been particularly worried in the last couple of years, come out rather well from the new statistics. Brazil, for example, is due to repay only 28 per cent. of its admittedly very large outstanding debt this year and Poland—the East European country about which bankers have been most worried—only 32 per cent.

LDC debts data and table, Page 32

Narrow Schmidt win in tax vote

By Jonathan Carr

BONN, June 16

THE danger of an early split in Chancellor Helmut Schmidt's coalition receded to-day when the Bonn government mustered a narrow majority for a crucial vote in the Bundestag.

But so close was the result, that while the leadership of the Social Democrats (SPD) and Liberal Free Democrats (FDP) expressed relief, there were no signs of elation.

At best, the coalition can muster a majority of 10 against the Christian Democrat-Christian Social Union (CDU-CSU) opposition. In the final vote to-day on a package of taxation measures, the Government parties had a majority of only three. A total of 248 coalition deputies voted for the package, and two SPD deputies joined 243 opposition members in voting against it. Three other SPD members abstained.

An earlier vote on one especially controversial part of the package, a reduction in the property tax, was still more of a cliffhanger, with the coalition having a majority of only two.

A Bundestag defeat does not automatically end the life of a German government. But in this case the final tax package was only agreed after many weary and sometimes acrimonious sessions between the SPD and FDP. Had the SPD failed to support the compromise, the FDP had indicated in advance it would have to reconsider the whole basis of the coalition. This was taken by the SPD as much more than an empty threat.

It was the reduction in property tax which especially upset a group of left-wing deputies of the SPD, and caused some of them, despite massive pressure from the party leadership, not to support the Government. These deputies say the measure is simply a DM1.5bn. gift to the 0.9 per cent. wealthiest members of the German population.

Many other SPD members agree—but had to swallow the measure to win concessions on other points from the FDP. The problem is that, on both sides, more deputies are beginning to wonder whether the compromises on this and other issues are worth the sacrifices involved.

The whole package now goes to the Bundesrat, the upper house. Since the opposition has a majority there and is unlikely to accept the Bill as it stands, the final shape of the package is unforeseeable.

Herald Tribune to decide shortly on Zurich move

BY ROBERT MAUTHNER

PARIS, June 16.

THE INTERNATIONAL Herald Tribune, the famous American-owned newspaper published in Europe, may move both its printing and editorial headquarters from Paris to Zurich, if plans currently under discussion by its owners are finally approved.

A decision on the paper's future could be taken as early as next Tuesday when its Board of directors is due to meet in New York. Mr. Arthur Ochs Sulzberger, publisher and chairman of the New York Times, which has a one-third stake in the Herald Tribune, is understood to favour the move, but the positions of the Washington Post and Whitney Communications, which also have a one-third stake each, remain to be clarified.

—Mr. Murray M. Weiss, Editor of the International Herald Tribune, told the Financial Times to-day that only a decision to start facsimile printing of the newspaper in Zurich in September had so far been taken and declined to comment on the rumours that the whole printing and editorial operations would be moved to Switzerland.

The difficulty of persuading the militant French printers' union to accept the introduction of new technology such as photo-composition, is believed to be behind the plans for the move to Zurich.

Whatever the real reasons for the proposed move, many people in France would look upon it as demonstrating a lack of confidence in both the country's economic and political future and, as being at least partly motivated by the fear of a Socialist-Communist victory at next year's general election. It would certainly also not leave the French Government indifferent.

French deficit up in May

BY ROBERT MAUTHNER

PARIS, June 16.

FRANCE'S seasonally adjusted trade deficit rose to Frs.441m. (about £52m.) in May from Frs.383m. in April, bringing the total shortfall for the first five months of this year to nearly Frs.6bn., compared with Frs.3.9bn. during the same period of 1976.

Last month's deficit, though disappointing, does not, however, represent a reversal of the medium-term trend towards an improvement of the trade balance. Since the beginning of the year, deficits have fallen sharply. In January, the shortfall was as much as Frs.2.3bn., dropping to Frs.1.52bn. in February and Frs.1.24bn. in March.

Both imports and exports increased very moderately last month, the former rising by 1.2 per cent. to Frs.28bn., and the latter by 0.9 per cent. to Frs.25.6bn. But over the last 12 months, exports have risen substantially faster than imports—16.5 per cent. compared with 13.3 per cent.

The crude figures confirmed the more favourable trend, with the deficit dropping to Frs.707m. from Frs.866m.

Accused U.S. reporter free to quit USSR

By Our Own Correspondent

MOSCOW, June 16

ROBERT Toth, a correspondent of the Los Angeles Times, was informed to-day that he is now free to leave the Soviet Union following two days of intensive interrogation in Moscow's Lefortovo KGB investigative prison. Mr. Toth plans to leave Moscow with his family tomorrow.

He was accused by the Soviet Foreign Ministry of receiving State secrets of a military and political nature and was interrogated at Lefortovo about his contacts with jailed Jewish dissident Anatoly Shcharansky, who is the subject of a treason investigation. Mr. Toth was also questioned about a number of articles he has written about Soviet science, according to his account.

U.K. accused on car aid

BY RICHARD EVANS, LOBBY EDITOR

STRASBOURG, June 16.

BRITISH CARS were being made competitive abroad by State aid, it was claimed in the European Parliament here today.

In a debate on State aid and economic integration, M. Raymond Vouel, the European Commissioner for competition, claimed that protectionist aids had been fewer than might have been expected in the economic conditions of the past few years.

But Mr. Niels Kofoed, a Danish Liberal, asked for details of how much money had gone into Britain's State-owned car industry and how far this had distorted competition. He claimed that aid to British Leyland had ensured that British cars were competitive.

Mr. Vouel said that member states were under an obligation to inform the Commission in advance of any plans for industrial aid. There had been fewer infringements recently than many imagined.

Measures to protect local industries were tolerated by the Commission only when there were valid reasons for them, and then only for a very limited time. The key criterion was that national benefits should not be offset by greater disadvantages to the Community as a whole.

The debate was launched by Mr. Tom Normanton, Conservative MP for Cheadle, who wanted the Commissioner to confirm or deny his assumption that there had been a lack of co-ordination on the various aids available to industry.

Fraud claims as Irish vote

By Giles Merritt

DUBLIN, June 16.

AGAINST a background of rapidly changing bookies' odds and ministerial charges of illegal "personation" attempts at a Dublin polling station, Ireland voted to-day in a neck-and-neck general election.

Following widespread speculation that widespread personation would mar polling in Dublin, Mr. Richie Ryan, the outgoing Finance Minister who is Fine Gael's Director of Elections, to-day reacted strongly to reports of two separate personation attempts in Mr. Cosgrave's Dun Laoghaire constituency, urging personation officers on duty throughout the Republic to be particularly vigilant.

EEC aid figure agreed

BY DAVID BUCHAN

LUXEMBOURG, June 16.

OVERSEAS Aid Ministers of the Nine to-day gave the go ahead for aid worth 45m. Units of Account ($54m.) to non-associated countries this year. But they could not agree on the allocation of this aid as between Latin American countries and Asian countries, which will have to be negotiated later.

The decision in principle to spend this amount of money, already set aside by the Parliament in this year's budget, was only reached after an emotional appeal for urgency by the presiding British Minister, Mrs. Judith Hart. It took almost all last year to decide on how to spend the 20m. U.A. in the 1976 budget for non-associated countries.

The Ministers also failed to agree on a regulation proposed by the Commission that would make aid to non-associates into a continuing programme with set criteria, largely because of French objections.

Cyprus peace force extension

BY OUR OWN CORRESPONDENT

UNITED NATIONS, June 16.

THE SECURITY Council voted early to-day to extend for another six months the operations of the United Nations peace-keeping force in Cyprus, but only after two personal interventions by Secretary-General Kurt Waldheim by telephone to Cyprus government leaders in London for the Commonwealth Conference.

The previous mandate expired at midnight (New York time) last night, and agreement on the resolution to renew it was reached only minutes before that deadline.

Despite efforts by the President, Mr. William Barton of Canada, to rush proceedings to a vote before midnight, it was already a new day by the time the decision was taken. As before, China did not participate in the vote. Britain, the U.S., France and the 11 other members approved the text.

Essentially, agreement was held up by the conflicting views of the Greek and Turkish sides about references to progress, or lack of it, made in UN and other efforts to obtain a political settlement of the long-simmering Cyprus dispute.

In the final text of the resolution, the council noted Dr. Waldheim's view, expressed in his report on the situation, that the way to a just and lasting settlement lay in negotiations, the usefulness of which "depends upon the willingness of all parties concerned to show the necessary flexibility, taking into account not only their own interests but also the legitimate aspirations and requirements of the opposing side."

There was also reference to the Secretary-General's meeting in February with President Makarios and the Turkish-Cypriot leader, Mr. Rauf Denktash, and to "the need to adhere to the agreement reached at this meeting as well as to the agreements reached at the previous rounds of the talks."

This was one of the paragraphs that gave the Cyprus government and Greece some difficulty, and that Mr. Vedat Celik, Turkish-Cypriot representative here, insisted be included.

Mr. Brezhnev in three roles: Addressing the Supreme Soviet of the USSR (left); accoutered as a marshal in a portrait by Ivan Penzov (centre); and in 1942 as a party commissar in the army.

Brezhnev bestrides party and state

BY DAVID SATTER

MOSCOW, June 16,

MR. LEONID Brezhnev, the Soviet party leader and president has emerged after 13 years as the supreme ruler of the Soviet Union, answerable principally to his party Polithuro colleagues whom he appears to dominate.

Because he exercises power in a State which has neither a free Press, autonomous judiciary nor functioning parliament, Mr. Brezhnev may also hold more undivided power in his hands than any other person in the world.

The extent of his personal power—and the degree to which the USSR is no longer ruled by the collective leadership which was supposed to have been ushered in after the ousting from power in 1964 of Mr. Nikita Khrushchev—was demonstrated by the process through which Mr. Brezhnev took over as head of state.

The former president, Mr. Nikolai Podgorny, had been in office since 1965, shortly after he, Mr. Brezhnev and Mr. Alexei Kosygin, the Prime Minister, took over the leadership. Length of service and recent prominence as an envoy in Africa apparently did nothing to save Mr. Podgorny once Mr. Brezhnev decided that it was a necessary complement to his existing role as head of the Soviet Communist Party.

Analysts believe that Mr. Podgorny could have remained in the Polithuro, had he chosen to accept the new post of First Deputy President which was written into the new Soviet constitution. But it is believed that he was removed summarily when he tried to oppose his demotion, a sign of how little power even a veteran member of the ruling inner circle has against Mr. Brezhnev in a confrontation.

Festivities

The assumption of the presidency, some four months before the expected adoption of the new Soviet constitution which Mr. Brezhnev helped to draw up and five months before the festivities surrounding the 60th anniversary of the October revolution which Mr. Brezhnev is expected to orchestrate, raises the possibility that the growth of the Brezhnev personality cult may advance in the coming months yet another stage. Already, he is the first person to be Soviet party leader and president at the same time.

Mr. Brezhnev made his career largely as a protege of Mr. Khrushchev. Born in 1906 in the steel-making city of Dneprodzerzhinsk in the Ukraine, his association with the former leader apparently began in 1938 when Mr. Khrushchev was appointed party leader in Ukraine and supervised the Stalinist purges being carried out there. Mr. Brezhnev became deputy mayor of his home town and then party leader of the province.

During World War II he was a Red Army political commissar and later returned to party work in Moldavia and the Ukraine. Between 1954 and 1956, he gained successes in supervising the virgin land areas of Kazakhstan and, in 1956, came to Moscow as one of the National Party Secretaries under Mr. Khrushchev.

Mr. Brezhnev became president for the first time in May, 1960, when he succeeded Marshal Kliment Voroshilov, who was removed by Mr. Khrushchev. Mr. Brezhnev held the largely ceremonial post for four years until October 16, 1964, when he succeeded Mr. Khrushchev as Communist Party First Secretary.

Following his accession to party leadership, Mr. Brezhnev and the other new Soviet leaders criticised the personal excesses of Mr. Khushchev just as he had done in the case of his own predecessor, Josef Stalin.

Originally, the Brezhnev-Kosygin leadership was intended to be a collective leadership, and what is known about Mr. Brezhnev's personal style suggests that, in contrast with his predecessors, he does encourage consensus, listens to differing points of view within the Politburo, and attempts to take a variety of interests into account.

The apparent momentum in the Soviet system towards autocracy has affected Mr. Brezhnev too. Through the years, his powers have been extended through appointment of proteges, and he has come to play more visibly the dominant role in the Polithuro. Mr. Brezhnev's participation is now an important measure of how authoritative negotiations, an interview or an official visit, is taken to be.

Power

With heightened power, has come the taste for self-glorification, which each Soviet ruler has criticised in his predecessor. In May, 1976, Mr. Brezhnev received the military rank of Marshal of the Soviet Union, and he has been referred to since as Vozhd, the title used by Stalin, and the Russian equivalent of Führer or Duce. His 70th birthday in December was preceded by an extravagant build-up in the Soviet Press and was marked by the conferring of his second Hero of the Soviet Union award.

THE BELGRADE CONFERENCE

The price of respectability

BY DAVID SATTER IN MOSCOW

WITH THE convening of the Belgrade Conference at which fulfilment of the 1975 Helsinki Agreement is to be reviewed, the Soviet leaders are aware of the steep price in terms of respect for human rights they are being asked for Soviet entry as a respected member of the world community.

The Soviet Union's recent attempts to expand ties with the West have all met the insistence that they consent to some measure of internal liberalisation.

Even against this background, the Belgrade Conference represents a new stage in East-West relations because, although the Helsinki Agreement reflected Soviet acceptance of the humanitarian provisions of the Final Act in return for Western agreement to security arrangements and the European territorial status quo, the discussions at Belgrade promise to move beyond what human rights commitments the USSR is ready to make publicly to the even more sensitive question of how fulfilment of these commitments is to be judged.

The need to proceed from the general to the particular will mean that the conference will concern itself with the fate of the nine imprisoned members of the unofficial Helsinki Agreement Monitoring Group and specifically, perhaps, with that of Mr. Anatoly Shcharansky, the group's liaison with the Western Press, who faces charges of treason punishable by execution.

The prospective espionage trial of Mr. Shcharansky and the trials of the other imprisoned Helsinki Group members will probably not begin until well after the Belgrade preparatory meeting is over, but the prospect of these trials is one measure of Soviet resistance to being pressed on the human rights issue.

The USSR has every reason to seek to avoid discussion at Belgrade of their implementation of the human rights provisions of the Helsinki Agreement. They have not honoured their human rights pledges and in the Belgrade review of Helsinki they face Western attempts to force them to accept some degree of internal liberalisation in exchange for mutual security arrangements and closer ties.

The USSR was the driving force behind the idea of a European Security Conference ever since the Warsaw Pact first suggested it in the mid-1960s. The human rights provisions of the Helsinki Agreement's Final Act, however, were accepted only reluctantly and growing Soviet apprehension over the possibility of being humiliated at Belgrade over the human rights issue has been reflected in a highly defensive propaganda campaign in the Soviet Press.

Soviet propaganda does not appear to have deterred the West from pressing the human rights question and the West's determination to examine the issue thoroughly at Belgrade puts the Soviet Union in a quandary. The Soviet media have supported the Helsinki Agreement vociferously and were it not for the human rights provisions the USSR could make a strong case that it has implemented the accords responsibly.

The USSR has incorporated the Helsinki statement of principles on international relations almost verbatim into the chapter of the new Soviet constitution on foreign policy and the 1975 friendship treaty signed by the Soviet Union and East Germany also enumerated the principles in the Helsinki Final Act.

The USSR has notified neighbouring countries about two sets of military manoeuvres in the last two years involving more than 25,000 men—one in the Caucasus and one in the area north of Leningrad—as called for in the Final Act, and Soviet disarmament proposals, such as the proposal for a treaty renouncing first use of nuclear weapons, are in keeping with the Helsinki call for steps toward effective disarmament.

The Soviet Communist Party leader Mr. Brezhnev has suggested international conferences on the environment, transport and energy in compliance with sections of the Final Act calling for international co-operation in these areas, and the Soviet Union has expanded its trade and industrial co-operation with the West and begun supplying trade statistics in keeping with the provisions of the Final Act on the exchange of commercial and economic information. It has also simplified procedure for foreign journalists and taken other steps to implement the agreement.

However, the Soviet Union has not honoured its Helsinki pledges to respect human rights and facilitate the free flow of information and it is this failure which is likely to be taken up at Belgrade because it undermines the Helsinki understanding on which better East-West relations were to be based.

The most striking example of the Soviet Union's failure here has been the arrests of the members of the dissident groups who sought to monitor fulfilment of the Helsinki pledges. Between February and April, 10 members of the main Helsinki group in Moscow and affiliated groups in Georgia and the Ukraine were arrested (one was subsequently released), others emigrated under pressure and there were numerous house searches and confiscations directed against persons connected with the groups. Those few group members who remain active are under constant threat of arrest.

Against the general lack of democratic liberties, specific examples of the Soviet Union's direct violation of its Helsinki human rights pledges include the widespread refusal of applications for family reunification (there are 60 outstanding cases involving Britain alone), the denial of the right to emigrate to more than 1,000 Pentecostalists and Baptists, the denial of national rights to the Crimean Tatars who have sought for many years to return to their homeland in the Crimea from which they were deported en masse in 1944, the denial of permission to emigrate to Germans and Jews for arbitrary reasons or with no reason given at all, and retaliation against those who seek to emigrate through dismissals, psychiatric confinement and arrests or trumped up charges.

Other violations of the Soviet pledge to facilitate the free flow of information include the switching-off of telephones for dissidents or those with contacts abroad, massive eavesdropping, mail and telegraph censorship, the effective embargo on non-Communist foreign newspapers and periodicals, and the harrassment of foreign journalists.

Soviet officials, in an implicit recognition that the Soviet Union has done little to improve its human rights record in the last two years, say implementation of the Helsinki human rights provisions depends on the level of detente. This may mean that the Soviet Union will not accept any Western attempt to make the level and quality of detente dependent on Soviet human rights observance.

At its final meeting before the Belgrade conference, the dissident committee to monitor the Helsinki accords made its own recommendations to the Belgrade conference. It suggested that objective criteria be established for assessing the Soviet Union's human rights performance, which would bring the Western attempt to compel Soviet liberalisation into sharper focus. If the participants at Belgrade try to arrive at an East-West consensus on what it means to respect human rights, however, the result may not merely clarify the situation—it could also clarify how far apart the two sides really are.

U.S. backs EEC plan

BELGRADE, June 16.

THE UNITED States to-day backed a European Community plan for unrestricted debate on human rights at the European security conference.

U.S. chief delegate, Mr. Albert Sherer, told the preparatory session of the 35-nation conference that EEC proposals for open-ended discussion were "sensible, realistic and workable."

The U.S. was co-sponsoring a nine-page procedural blueprint tabled by Britain on behalf of the Community when the preparatory stage of the conference opened here yesterday.

The West wants a searching study of human rights as well as other aspects of East-West detente in committee sessions when a higher-level conference is held next autumn. The conference will review progress since the first security conference at Helsinki in 1975.

The Soviet bloc was expected to resist the plan and to call for more generalised debate in plenary sessions, Reuter

Paul Lendvai adds: The Soviet Union to-day failed to comment on the blueprint.

The brief speech by the Soviet ambassador, Mr. Juli Vorontsov, refrained from accusations and expressed the hope that the meeting would give new impetus to the implementation of the final acts of the Helsinki conference and contribute to a constructive discussion of all questions.

In what observers regarded as the politically most significant phrase, the Soviet diplomat stressed that all delegations should demonstrate "goodwill" and the exchange of views should be carried out in a "positive manner."

The beginning of the meeting was soured somewhat when the British delegation leader, Mr. Ian Sutherland interrupted the Soviet speaker to express dissatisfaction that the conference secretariat had refused to circulate the EEC procedural paper with the title: "Proposal of the U.K. delegation as Presidency in Office of the Council of European Communities and of the U.S. delegation." Instead the nine-page paper was distributed as a proposal submitted by the U.K. and U.S. delegations.

However, the Romanian and Hungarian delegates criticised the original designation on the ground that it was a conference of sovereign states and not groups. Some neutral states were privately also unhappy with the style of the British intervention and the way in which the EEC and the U.S. acted in concert.

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Vance wins support at OAS for human rights

BY ALAN RIDING ST. GEORGE'S, Grenada, June 16.

NUMEROUS Latin American Foreign Ministers have assured Mr. Cyrus Vance that steps are being taken to improve respect for human rights in the region.

The U.S. Secretary of State announced this at a Press conference at the end of his visit to the annual conference of the Organisation of American States (OAS) being held here.

He conceded, though, that, since President Carter began his campaign on the issue, improvements had been noted in some countries but in others there was no progress and in one or two cases there had been evident retrogression.

Mr. Vance's uncompromising stand in favour of the full re-establishment of human rights in Latin America, a stance he has made clear that the U.S. Administration has no intention of modifying, has not been accepted by several Latin American governments.

Captain Walter Allara, the Deputy Foreign Minister of Argentina, yesterday said that the questions of human rights and terrorism had to be taken together and that a government had "a legitimate right of defence" against attack.

Admiral Patricio Carvajal, the Chilean Foreign Minister, is reported to have said that detente had left some countries "naked in the face of Soviet aggression." Sr. Antonio Azeredo da Silveira, the Brazilian Foreign Minister announced that he had had "very frank talks on human rights" with Mr. Vance at lunch yesterday. The military Government of Peru meanwhile is adopting a conciliatory stance on the question and has refused to align its position with those of Chile and Argentina.

The Mexican delegation, lead by Foreign Minister Santiago Roel, has stood out against Argentine efforts to have the human rights question closely linked with the question of terrorism and Mexico has supported U.S. efforts to strengthen the Inter-American Commission on Human Rights.

● About 20 people, mostly women, entered the building of the UN Economic Commission for Latin America in Santiago, the Chilean capital, on Tuesday and declared themselves on hunger strike in an effort to obtain an international investigation of the case of individuals who have disappeared and who are suspected to be in the hands of the Chilean junta.

Panama Canal talks

BY OUR OWN CORRESPONDENT GRENADA, June 16.

THE UNITED States Government believes agreement on a new Panama Canal treaty is possible before the end of the summer, but Panama has warned that "important differences" must still be settled.

Making separate reports to the Organisation of American States on the status of the 13-year-old talks, the two countries struck different notes in their assessment of progress. Nicolás González Revilla, Panamanian Foreign Minister, said differences had appeared over how the Panama Canal Company should be administered during the life of the new treaty, but he conceded that the difficult question of defence arrangements for the Canal after the year 2000 has been resolved.

In his statement, Mr. Cyrus Vance, the U.S. Secretary of State, said while he could not predict a date for signature of a new treaty, "we hope that an agreement can be reached this year, perhaps before the end of the summer."

But in a Press conference this morning Mr. Vance warned that any new treaty may have trouble obtaining the two-thirds majority necessary for ratification in the U.S. Senate. "We've got a lot of work to do in the Senate," he said. "I think if one had to count the votes to-day, it would be very close and I'm not sure that we'd have the votes."

Vance sees no deadline on SALT

BY OUR OWN CORRESPONDENT GRENADA, June 16.

MR. CYRUS VANCE, the U.S. Secretary of State, said to-day that the U.S. felt subject to no deadline to complete the current disarmament talks with the USSR by October, when the interim Strategic Arms Limitation agreement expires, but he hoped that the general atmosphere of Soviet-U.S. relations would improve.

In a news conference, Mr. Vance said, "the important thing is to reach an agreement which is sound, fair and equitable, which is lasting, and that does not have ambiguities which could lead to charges of bad faith in the future.

"I think it is important, not only for our bilateral relationship, that our relations and the general atmosphere surrounding them should improve, and we're going to do what we can to try and improve them."

On U.S.-Soviet trade, the Secretary conceded that less progress than hoped had been achieved, partly because of the Jackson-Vanik Amendment to the 1974 U.S. Foreign Trade Act, blocking the Soviet Union from most-favoured nation treatment. "As I look at the situation now on Capitol Hill, I think that, with the climate that exists, it would be impossible to have the Amendment removed," he said, "but I would hope that, in time, this would be possible."

NY seeks cleaner air with bans on parking

By John Wyles

NEW YORK, June 16.

WARNING that half of Manhattan island will be turned into a "ghost town" Mayor Abraham Beame has reluctantly started to implement court-ordered restrictions on car parking, aimed at cleaning New York's polluted air by cutting the number of rush hour vehicles entering Manhattan by 50 per cent.

The mayor has made no secret of his disenchantment with the plan which, he claimed yesterday, would "wreak economic devastation here." He promised to use every possible means to reverse the court ruling, which stems from long legal battles over a scheme first worked out between former Mayor John Lindsay and the federal Environmental Protection Agency. When Mr. Beame showed no inclination to introduce the restrictions on car parking, environmental groups took the case to court and secured an order requiring progress by September 14.

By then, the city is supposed to have eliminated all street parking in a broad swathe south of 59th Street to the tip of Manhattan, and from 8th Avenue to 3rd Avenue. By 1980, there should be drastic restriction of space allocated to garages and car parks.

Mr. Beame's broadside against the new restrictions included a claim that New York businesses would lose more than $100m. In reply, the Environmental Agency saw the parking ban as offering savings of $1bn. a year, which he thought was the cost of New York's traffic congestion.

The avenues between Third Avenue and Eighth Avenue are Manhattan's main north-south arteries. On most days, they are choked by cars and taxis to the extent that it can take 45 minutes to travel no more than a mile.

ILLEGAL MEXICAN IMMIGRATION INTO THE U.S.

Damming the flow of wetbacks

BY OUR MEXICO CITY CORRESPONDENT

A NEW campaign by the labour movement in the U.S. against illegal Mexican migrants is coinciding with a fresh surge of poor Mexicans trying to find employment there. With U.S. unemployment still over the 6m. mark, the AFL-CIO is lobbying the Carter Administration to penalise employers of illegal aliens and to reinforce the border patrol. At the same time, with the Mexican economy in the doldrums and the recent peso devaluation making dollar wages doubly attractive, hundreds of thousands of unemployed Mexicans are trying to enter the U.S. illegally.

For the first time in many years, in fact, the so-called "wetback" issue is threatening to become a major social and even political problem. The American trade unions and media have been feeding a mood of hostility and even psychosis towards illegal Mexican migrants, often implicitly blaming them for crime, drug trafficking and urban blight, as well as for high unemployment among Americans. Yet, more than ever, an effective campaign to deport the illegal Mexicans would have a devastating economic and political effect on Mexico, closing off the one "escape valve" that has maintained social peace during the past three difficult years.

Both the Mexican and U.S. governments would be happy to leave the situation as it now stands: the border patrol making a moderate effort to stop the flow at the border, but not launching a massive deportation campaign.

The new President of Mexico, Sr. Jose López Portillo, has pointed out that Mexico must resolve the migration problem by creating more work at home, but he adds that enough jobs will only open up here if the U.S. buys more goods from Mexico.

The Carter Administration seems aware of the need to help Mexico by continuing to take excess labour as well as by encouraging trade and financing.

But illegal migration has now become an issue and President Carter has promised publicly that he will come up with yet another of his package solutions to major problems. The main drawback, however, is that this policy will probably be based on several widely-accepted, but false, premises: that there are up to 8m. Mexicans living in the U.S. illegally, that they take jobs away from Americans, that they pay no taxes, and live off welfare, that they are sending home billions of dollars, and that they are carrying out a "silent invasion" by taking over many cities. Mr. Carter's present intent is therefore to amnesty those who can prove three or perhaps five years' residence in the U.S., and then to clamp down on new migration by fining anyone caught employing a "wetback."

The new President of Mexico has pointed out that Mexico must resolve the migration problem by creating more work at home, but he adds that enough will only open up here if the U.S. buys more goods from Mexico.

No one in Mexico denies that more Mexicans than ever are entering the U.S. illegally these days, but the results of academic research into the problems on both sides of the border have thrown into doubt many American beliefs. Most experts agree that apprehensions by the border patrol—they exceeded 750,000 last year—are not a reliable gauge since some "wetbacks" (so called because they get wet crossing the Rio Grande) are caught several times, while others slip through. However, it is apparent that most Mexicans who reach the U.S. and find work return home, often voluntarily, after a few months. Polls indicate that only 15 per cent. stay longer than one year. Most of those who are now crossing into the U.S. for the summer harvests worked there last year, but spent the winter in Mexico.

The fact that they can find work so easily reinforces the view that, in general, illegal aliens are doing jobs that are too rough and badly-paid to attract Americans who have access to unemployment benefits. Fearing detention, few "wetbacks" go on welfare, but more than 80 per cent. have taxes and social security contributions deducted from the wage packets. Finally, the average annual earnings of a Mexican illegally in the U.S. is about $800, much of which he spends while he is there.

These findings were largely confirmed when I recently visited the town of Guadalcázar, halfway between Mexico City and the Texas border, which has traditionally "exported" most of its men to the U.S. each summer. The town and surrounding hamlets already have an abandoned look.

Earnings made in the U.S. clearly enable this region to survive. There is no industry and little commerce in Guadalcázar. The nearby agricultural land has been broken up into tiny uneconomic plots which cannot sustain the local population. Unemployment and underemployment are therefore chronically high and aggravated this year by the slump in construction and other labour-intensive sectors. But the revenue of the Guadalcázar migrants is not enough to lift the region out of its poverty.

Two questions that have never been answered, but are clearly significant, are just how much U.S. employers save by using cheap Mexican labour and what would be the impact on the American economy of keeping out illegal migrants?

The farming communities of the American South-West—Southern California, Arizona, New Mexico and Texas—are most strongly opposed to any change in the migration laws on the grounds that Americans are simply not available for "stoop-labour." But even employers in high migration urban areas, such as Los Angeles, Chicago, Denver and Houston, realise that illegals are saving them important amounts.

Conservatives and Republicans will therefore certainly oppose Mr. Carter's new policy, while Northern Democrats linked to the labour movement will support it. But many liberals and even Mexican American groups are worried that a new wetback policy could be used as an excuse for discriminating against brown-skinned *Hispanos*. In order to monitor who is legally in the U.S., a system of identity cards might have to be introduced for the first time, something that would be fiercely resisted by most Americans. No matter what the outcome, unless the 2,000-mile-long U.S.-Mexican border is militarised, there is no way of stopping unemployed Mexicans from entering the U.S., so long as there are jobs waiting to be filled.

New compromise with Congress

BY JUREK MARTIN WASHINGTON, June 16.

THE NEW mood of compromise that this week has suddenly settled on relations between President Carter and Congress is producing further dividends.

The President has withdrawn his threat to veto a bill covering the Labour and Health, Education and Welfare Departments which he had considered contained excessive spending.

In return, key congressional leaders have agreed not to add any more funds to the bill in subsequent congressional deliberation. They have also acceded to an administration request for a review of one provision—covering aid to school districts which house large federal installations—which the President had found particularly objectionable.

At the same time, a Senate sub-committee working on a public works bill has deleted eight water projects from the legislation. The bill, which narrowly passed the House of Representatives on Tuesday, contained funding for 17 such projects, again opposed by President Carter.

But the slim margin of the House passage persuaded Congress that it could not over-ride a Presidential veto, if exercised, inducing the Senate committee to try to work out some compromise acceptable to the White House.

Until this week it had seemed that a confrontation over the Labour, Health, Education and Welfare Bill was inevitable. This is considered by leading Democrats on Capitol Hill to be the cornerstone of their legislative programme, since it deals with social concerns dear to the Democratic heart.

The President, on the other hand, had upset many Democrats with his insistence on the need to balance the Federal budget by the 1981 fiscal year and with his espousal of what were perceived as conservative economic policies necessary to achieve that goal.

Of course, if Mr. Carter sticks to his budget balancing guns then what has been avoided this week may well crop up again next year. The Administration has already begun work on next year's budget, to be unveiled next January, amid a welter of statements by senior officials to the effect that cuts in spending have to be made now if the 1981 target is to be reached.

Moreover, next year sees the mid-term Congressional elections, which normally find Congressmen in a mood to be excessively protective towards the interests of their constituents and disinclined to back budgetary stringency.

Brazil legalises divorce

By David White

RIO DE JANEIRO, June 16.

ONE OF the Roman Catholic church's last barriers against divorce fell in the early hours of this morning when a joint session of the Brazilian congress voted to change the constitution and allow the disolution of marriage.

Brazil is nominally the Catholic Church's biggest community, and a major campaign was mounted to rally opinion against the vote, which allows divorce after three years of legal separation or five years of de facto separation.

The decision, which has to be confirmed by a second vote next week, comes a year after a similar Bill narrowly failed to secure a two-thirds majority in the Congress.

The need for a two-thirds vote was suppressed in April in favour of an absolute majority, under an arbitrary Presidential decree brought in because the Opposition, with over a one-third representation, was able to block other Government proposals.

The Government allowed a free vote on the divorce issue. The change, which replaces Article 175 of the constitution, enshrining the indissolubility of marriage, in fact received three fewer votes, 219, than it did last year, with 161 voting against.

The vast majority of Brazil's 110m. people are nominally Catholic, but the link is no longer strong, particularly among the middle classes.

Brazil's civil law code already allows a form of legal separation and settlements similar to those agreed in divorce courts in other countries. Legal separation provides for alimony child maintenance and the division of goods and chattels. Remarriage has, however, until now been forbidden.

● A second consecutive monthly surplus has put Brazil's trade balance, so far, this year into the black after three years of consistent deficits.

Record exports of $1.2bn. in May gave Brazil a surplus for the month of $115m. after a $70m. surplus in April, according to Sr. Mario Henrique Simonsen Finance Minister. For the first five months of the year, exports of $4.97bn. exceeded imports by a narrow margin of $36m. according to these figures.

Alaska pipeline companies accused of overcharging

BY JOHN WYLES NEW YORK, June 16.

THE U.S. Justice Department has accused the oil companies which own the trans-Alaska pipeline of trying to charge up to $2 a barrel more than they should for carrying oil through their underground link between north and south Alaska.

This allegation could weigh heavily with the Interstate Commerce Commission (ICC), which is currently considering the companies' proposed rates. The companies claim that they would be charging rates which reflect the true cost of carrying the oil, which is due to start flowing from Prudhoe Bay next Monday. A spokesman for Standard Oil Company of Ohio said yesterday he was "astonished" at the Justice Department's charges.

The level of the pipeline tariff is vital to both the oil companies and the State of Alaska because it helps determine the total royalties paid on the oil by the producers. Total cost to the U.S. consumer will remain the same as the cost of imported oil, about $14.50 a barrel, but the higher the proportion of this total cost that can be attributed to pipeline charges, the lower the royalty carried on each barrel of oil.

The pipeline's owners, who include Britain's BP, have proposed rates ranging from $6.04 to $6.44. The Justice Department claims that a range of $4.40 to $4.60 would be more appropriate. The Department contends that the oil companies' rates would yield a 68.4 per cent. return and a total overcharge of $900m. in 1978. Exxon is singled out as the most serious potential overcharger, while Atlantic Richfield and Mobil are the least sinning.

The Arctic Slope Regional Corporation, which represents Alaska's native population, has called on the ICC to suspend the rates, claiming they are "unjust and unreasonable." In their defence, the oil companies say that the tenfold increase in the cost of building the pipeline from that originally projected must be taken into account. Delay in ICC approval will not, however, hold up the start of the oil flow from Prudhoe Bay.

Argentina court martial

BY ROBERT LINDLEY BUENOS AIRES, June 16.

THE COURT MARTIAL of eight Europeans charged with manufacturing arms for guerillas began at the First Army Corps headquarters in the Palermo district of Buenos Aires on Monday, it was learnt to-day.

The eight—three West Germans, three Italians, a Norwegian and a Czech—were arrested by First Army Corps personnel in August, allegedly while manufacturing parts for 10,000 Carl Gustaf machine pistols for the Montonero and People's Revolutionary Army (ERP) guerilla groups. The court martial is expected to last about a month, and death sentences are possible for any of those found guilty.

Meanwhile, the Interior Ministry had said that since the March coup last year courts martial have sentenced 158 persons out of the 305 being dealt with for subversive activities by military law. None

Furthermore, according to the ministry, the federal courts are handling 667 subversion cases and that there have been 327 sentences in the past 15 months by federal courts. The ministry also has announced that in the past fortnight 342 persons on the list of those being held "at the disposal of the executive power" under the terms of the state of siege have been removed from the list, and that 32 of these have been allowed to leave Argentina.

The ministry, moreover, has said that the President, Lt.-Gen. Jorge Rafael Videla, is considering re-establishing the constitutional right of those held "at the disposal of the executive power," which would allow them the option of leaving the country.

Students defy ban on protest in Brazil

By Our Own Correspondent

SAO PAULO, June 16.

STUDENTS have taken to the streets again in Brazil, despite the ban imposed by the security forces: 4,000 students, scattered into small groups by the violent police repression, held lightning demonstrations all over the centre of Sao Paulo late yesterday afternoon.

About 20,000 military policemen, including shock troops and mounted police, were mobilised to suppress the marches.

OVERSEAS NEWS

Iranian industry hit by serious power crisis

BY ROBERT GRAHAM

TEHRAN, June 16.

IRAN IS in the midst of a serious energy crisis. A combination of contractual difficulties, inadequate water levels in dams and an underestimation of energy demands has created a power shortage throughout the country affecting domestic and industrial users.

The inadequacy of installed generating capacity had been evident throughout the winter. But with summer here and temperatures around 38 deg. C to 40 deg. C, the strains on the system have increased considerably. As a result, blackouts have become frequent and lengthy, with a serious effect on industry.

Particularly serious is the plight of industry in the south, which depends upon the Reza Shah Kabir Dam, where plans for boosting generating capacity are well behind schedule. The National Petrochemical Company has been forced to close down most of the production units of the Abadan Petrochemical Company.

Reports from various other parts of Iran also speak of industrial plant being forced to operate at 60 per cent.—or even well below that — of capacity, due to power shortages. In Tehran, the Ministry of Energy has announced measures to conserve power by scheduling rotating blackouts so that a district has only one blackout at night per week. Offices and shops are also being asked to turn off lights on premises after 8 p.m.

According to the Minister of Industry, generating capacity is still short of demand by some 180 MGW, even with energy saving schemes. But the real gap is nearer to 600 MGW or more.

The authorities had hoped that the Reza Shah dam would have its increased generating capacity operational by the summer. The Government is now blaming French contractors Alsthom Atlantique for alleged failure to carry out commitments and the Chief of the Imperial Bureau, Mr. Nosratolleh Moinian, said last Sunday the company would be blacklisted in Iran.

Company officials have not been available for comment but apparently senior company executives came out to Tehran this week.

Meeting Iran's energy demands is one of the Shah's top priorities now, according to informed sources. In February, Mr. Iraj Wahidi was sacked as Energy Minister and replaced by Mr. Qassem Motamdi.

Planners have clearly been surprised by the rapid upsurge in energy demand, believed to be increasing at 20 per cent. a year. This level is likely to be sustained over the next few years. Originally it had been expected to have an installed capacity of just over 4,800 MGW by the end of the current plan, which is due to be completed in March 1978. This target is being revised upwards.

Janata triumphant in the north

By K. K. Sharma

NEW DELHI, June 16.

REVERSING yesterday's trend when it was trailing other parties, the Janata Party to-day won an absolute majority in the Bihar legislature elections and thus made a clean sweep of all the northern states where elections have been held.

But it lost West Bengal to the Marxists and the southern state of Tamilnadu to the local Anna Dravida Munnetra Kazagham, led by the popular film star, Mr. G. Ramachandran.

The Janata Party has thus emerged all powerful in the Hindi belt, extending from Haryana in the north-west to Bihar in the east. This includes the key state of Uttar Pradesh, which has the largest population in the country and which was the Nehru family's bastion until the March parliamentary election.

In most of the states in the northern belt — Haryana, Rajasthan, Himachal, Madhya Pradesh, Uttar Pradesh and Orissa—the Janata Party won more than two-thirds of the seats. In all of them, the Congress has virtually been eliminated.

Leading Congress members are extremely bitter at the trouncing their party has got and are blaming it on Mrs. Indira Gandhi. Their feelings were voiced by the former Industry Minister, Mr. T. A. Pai, who asked the party president, Mr. K. Brahmananda Reddi, to take immediate steps to expel all members who had been guilty of excesses during the emergency "if the party is to survive and fulfil its historic role."

THE STRUGGLE FOR ETHIOPIA

Government retakes rebel towns in first big advance

BY A SPECIAL CORRESPONDENT

TESSENAI, Eritrea, June 16.

ETHIOPIAN troops have made major advances into areas of northern Ethiopia formerly controlled by anti-Government guerilla forces, according to Eritrean partisan units returning from cross-border raids into Gonder province.

The province was the main base for the Right-wing Ethiopian Democratic Union (EDU) which last month claimed it virtually controlled all the countryside in Gondar and at one stage seemed poised to attack the provincial capital.

Guerillas from the Eritrean Liberation Front (ELF) said they had penetrated 50 miles into Gondar province and clashed with a substantial Ethiopian force, halting their advance briefly. The battle with the Ethiopian army occurred at the week-end near the Ethiopian frontier grain town of Humera. An ELF official said the Government had used large numbers of tanks and armoured cars in their assault on rebel positions in Gondar.

He said a Government force of about 3,000 men two days ago retook Humera which is located on the Ethiopian-Sudanese frontier. EDU forces were said to have fled to Sudan and offered little resistance. He said the army had not yet reached another EDU-held town near the border—Metemma.

ELF reports also indicate the EDU was routed recently around Dabat, about 30 miles north of the provincial capital Gondar. The ELF raiding units said they made no contact with any EDU forces in the area, indicating many of the movement's fighters had either hidden or beaten a hasty retreat into Sudan.

The ELF is scathingly critical of the EDU's fighting capabilities. Chairman Ahmed Nasser said recently his movement had no interest in helping the movement against the Ethiopian army. He also claimed the EDU's estimates of strength and territory were vastly exaggerated.

The Eritreans, however, believe the Ethiopian leader Lt. Col. Mengistu Haile Mariam is concentrating his army's efforts on mopping up the EDU before turning his attention to Eritrea. Heavy concentrations of peasant militia have been reported active in Gondar province.

An ELF official said guerilla reinforcements have been moved to Eritrea's border regions around Um Hagar to block any attempt by the Ethiopians to move into the Red Sea province. But the advent of the rainy season is likely to halt any Government drive for the next three months across the border from Gondar.

The River Setit which separates the two borders near the frontier with Sudan is apparently beginning to flood and the main bridge across it has been blown up. But the ELF is expecting an all-out offensive later this summer launched from both Gondar and Tigre, timed to coincide with military thrusts from such Government-held towns in Eritrea as Agordat, Keren and Asmara.

To head off this campaign, the guerillas have undertaken a number of pre-emptive attacks using tactics which were so successful last year against an untrained peasant army sent to invade Eritrea.

Large numbers of peasants are assembling near Tigre province's border with Eritrea about 130 miles south of the Eritrean capital, Asmara. The main assembly points are said here to be Odigrat, Axum, Aduwa and Mekele, the provincial capital.

Attacks against the militia are now likely as the Eritreans try to demoralise the peasant army before it sets out on the march. The ELF hopes to undermine the planned offensive as it so effectively did last year. The guerillas clearly want to step up their activities in other areas further east, in particular around Assab. At one ELF base camp, I met a young fighter who told me he and other guerillas were about to be shipped to a place near the Eritrean port of Assab which is controlled by Government forces. This town is one of Ethiopia's main outlets to the Red Sea and ELF intelligence says the port has recently been bolstered with large numbers of peasant militia.

With the Addis-Djibouti railway under attack apparently from the Mogadishu-backed Western Somali Liberation Front and the Addis-Assab road link now likely to come under even heavier pressure from the ELF, the consequences for the Ethiopian Government are severe unless it can break the stranglehold.

The expected Ethiopian offensive will be directed mainly against areas controlled by the ELF but on June 5 the ELF leadership reached a temporary agreement with the strongly Marxist Eritrean Popular Liberation Forces (EPLF) to form a united front.

The Eritreans will be joined by the Tigre Popular Liberation Front (TPLF) and the Ethiopian Peoples Revolutionary Party (EPRP) which draws its main support from Marxist intellectuals in and around Addis, and now has a small force of about 500 men operating in Tigre province.

The ELF and the EPLF will co-operate mainly in the highlands and the co-ordination of military tactics is significant while both movements are divided politically. When leaders from both movements parted after talks at the ELF headquarters in the lowland recently, there were friendly smiles and handshakes. They had agreed on uniting their forces against an immediate common threat after a period when their forces had operated independently in the highlands.

But there still seems little likelihood of permanent unity between the two organisations. After the talks, the ELF chairman was not over-optimistic about achieving a political and military merger in the near future—a factor which ELF guerilla fighters say is essential before achieving independence from Ethiopia.

Haggling goes on in Pakistan as doubts emerge

By Our Own Correspondent

ISLAMABAD, June 16.

SIGNS THAT the agreement between Mr. Z. A. Bhutto, the Pakistan Prime Minister, and the opposition National Alliance to hold fresh elections, may not have resolved the three-month political crisis emerged to-day as both sides agreed to keep details secret for the time being.

The agreement has not yet been put into writing. A joint two-man committee has been formed to do this, aided by four lawyers from each side, but an important section of the opposition leadership fears the drafting of the agreement may yet lead to misunderstandings and further confrontation.

The drafting is expected to take a few days, after which the agreement will be presented to the public. So far, it has provoked disappointment among opposition supporters and indifference in the ranks of the ruling People's Party.

Meanwhile, the army has gone back to barracks, following the Lahore High Court ruling that martial law was unconstitutional.

Britain and Uganda end last diplomatic contacts

BY OUR OWN CORRESPONDENT

THE LAST diplomatic contact between Britain and Uganda was broken yesterday when the Saudi Arabian ambassador in London was summoned to the Foreign Office and asked to close the Uganda interests section at his embassy. Mr. Idi Osman, the Ugandan who runs the section, will have to leave the country.

The move was in retaliation for a note sent on Wednesday night by the Uganda Government to the French embassy in Kampala, saying it was no longer acceptable for the mission to house a British interests section.

The Kampala Government's action came as the Commonwealth conference in London, now ended, issued a strong denunciation of the "massive violation of basic human rights in Uganda." Mr. Callaghan, the British Prime Minister, had earlier told President Amin of Uganda that it would be inappropriate for him to attend the summit.

Britain and Uganda have been represented by interest sections in each others capitals since the U.K. broke diplomatic relations with Uganda last year.

The Foreign Office yesterday rejected as "entirely unfounded" Ugandan accusations that the British interests section in Kampala had been engaged in subversive activities.

The two British diplomats who had been running the interests section, Mr. Ian Glasby and Mr. Victor Wellbourn, left Uganda on Wednesday night.

John Worrall adds from Nairobi: Radio Uganda announced that ten Britons had "volunteered" to carry President Amin shoulder-high on a chair through the streets of Kampala yesterday to attend the Government's budget session. They would carry him for 20 miles and do this as a "sign of support and solidarity with Ugandans." But since the Britons were "well advanced in age" there was a likelihood they would not complete the task.

However, an observer in Kampala said there were no signs of such a performance. The 240 Britons in Uganda have been under severe pressure since President Amin's effective exclusion from the Commonwealth conference.

Nkomo reiterates doubts on Rhodesia initiative

BY MARTIN DICKSON

MR. JOSHUA NKOMO, joint leader of Rhodesia's Patriotic Front, expressed fresh scepticism about the current Anglo-American initiative on Rhodesia in London yesterday, declaring that the shape of a pre-independence Salisbury administration must be settled before constitutional discussions are held.

The whole thrust of the Anglo-American initiative is to concentrate on finding agreement on an independence constitution before tackling the question of an Interim Government, the issue over which last year's Geneva conference on Rhodesia broke down.

But Mr. Nkomo stressed that any future conference must be between the combatants. "We are not," he said, "going to have councils of churchmen or the Salvation Army," implying that Bishop Abel Muzorewa's rival African National Council should have no role in a conference.

Bridget Bloom adds: Botswana believes that the current Anglo-American initiative "will go a long way" towards resolving the "stubborn . . . problem" of Rhodesia, President Sir Seretse Khama said in London yesterday.

The Botswana President said that the current initiative might succeed because it involved the U.S. "A concerted effort by the U.K. and America has a greater chance of finding the solution we all seek than if the U.K. were to go it alone," he said.

However, President Khama said the armed struggle must "complement the negotiations" as must other efforts.

Arab pressure grows for common Israel policy

BY IHSAN HIJAZI

BEIRUT, June 16.

PRESSURE is rising in the Arab world for a summit conference to decide a common strategy against Israel. Libyan leader, Muammar Khedaffi has sent his Foreign Minister, Dr. Ali al Tureiki, on an Arab tour to press his call for a conference of Arab heads of state next month.

Dr. al Tureiki met President Hafez al Assad in Damascus yesterday and is also visiting Beirut, Amman and Cairo. At the same time a Libyan note to the Arab League in Cairo has suggested that a summit meeting be held in Tripoli on July 20, preceded by a meeting of Arab Foreign Ministers on July 16.

North Yemen had earlier called for an urgent summit meeting, basing its request on the tension in Lebanon's border area with Israel.

The need for a common Arab strategy in wake of the rise of the Likud bloc to power in Israel, was also underlined yesterday in editorials in newspapers in the Gulf region.

"An Arab summit has become a vital necessity to devise Arab military strategy," Abu Dhabi's Al Itihad daily said. Bahrain's Akhbar Al Khalij called for an Arab mobilisation "without delay," while the Qatar daily Al Arab warned that Israel was preparing to "overrun southern Lebanon and annex it."

In Beirut President Elias Sarkis is believed to have held urgent telephone contacts with other Arab heads of state regarding the tense situation in the border region with Israel.

Radio Damascus last night said the time has come for Arabs to get together to lay down a common confrontation strategy. And the state-controlled Press in Baghdad has begun what appears to be a systematic campaign against the Arab states which have been seeking a political settlement with Israel.

An early Arab summit is not considered likely, however, for two main reasons: inter-Arab conflicts, particularly between Libya and Egypt and between Syria and Iraq, will have to be eased first; and, Egyptian President Anwar Sadat and President Assad still want to give U.S. President Jimmy Carter time to hold talks with the new Israeli Government leaders.

The two Arab Presidents will probably wait for the next trip to the Middle East by U.S. Secretary of State Cyrus Vance which is expected in July.

Sarkis bid for ceasefire

BEIRUT, June 16.

LEBANON is urging the United States and the Soviet Union to put pressure on Israel and the Palestinian Liberation Organisation in order to smooth the way for a ceasefire in south Lebanon.

Political sources said the Government of President Elias Sarkis is urgently seeking U.S. assistance to persuade Israel to co-operate by halting operations on Lebanese territory, including road construction.

The Israelis have provided Christian right-wing forces with arms and logistical support in their battles in the south with Palestinian guerillas and Lebanese left-wingers.

The Government is also planning to enlist the aid of the Soviet Union to persuade the Palestinians to halt military operations in the South and pull back from frontier positions, the sources said.

The developments came amid reports of renewed fighting in the South. Israeli-supported Christian militiamen, dug into ridgetop towns along the southern border, engaged in fierce shelling exchanges overnight with surrounding Palestinian guerillas and Lebanese left-wingers, according to eyewitness reports to-day.

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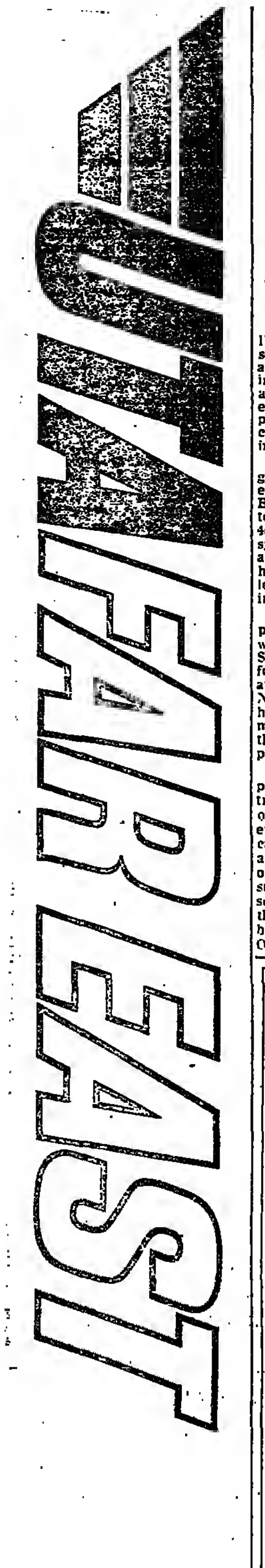


هلكو: من الاصل

WORLD TRADE NEWS

GATT rules against U.S. on trade dispute

GENEVA, June 16.

MEMBERS of GATT, the General Agreement on Tariffs and Trade, said to-day they *were gravely concerned* over a U.S. court ruling making Japanese electronics imports subject to additional duties and decided to take appropriate action.

The Council of permanent representatives of the 83-nation trade forum adopted a report by a special working group which investigated the U.S. move and found it violated GATT's fair trade rules.

The GATT body was acting on a complaint by Japan against a ruling by the U.S. Customs Court last April which imposed duties on Japanese electronic products sold in the U.S.

The court found that these goods—television and radio receivers, record players and tape players worth $1.89bn. last year—were being in*directly subsidised* by the Japanese Government through rebates of Japan's domestic commodity taxes.

But the GATT working party ruled that the Japanese tax practices were in full accord with the GATT provisions.

Reuter

Japanese surplus increases despite rise in imports

BY DOUGLAS RAMSEY

TOKYO, June 16.

JAPAN'S imports rose faster than exports in May, but the damage done by a dearer yen to the trade account was more then offset by a $970m. swing from deficit into surplus on short-term capital account.

As a result, the overall balance of payments registered a surplus of $390m. in May, up 8 per cent. over April, despite a current account surplus only a tenth of the one in April.

Furthermore, the seasonally adjusted trade figures for the first five months of 1977 show that Japan piled up a massive *$7bn. surplus in the period* ($5bn. unadjusted).

Foreign exchange analysts expect the large surplus on short-term capital account in May to weigh heavily on the dollar in the Tokyo market, as it reflects the rush to sell yen in May, especially after news of an outbreak of fire at a Saudi oil-*field hit the market on May 12* and prompted fears of an interruption in oil supplies to Japan.

The U.S. dollar continued its decline in Tokyo to-day in anticipation of the May payments results, with the American currency (spot) closing at Y272.4 and well down from Wednesday's closing rate of Y273.35.

The Ministry of Finance released the May balance-of-payments figures this afternoon and pointed to the first deficit since January on the basic balance (excluding short term money flows) as proof that Japan's trade position is nowhere near as in*vicible as many foreign critics* think.

The basic balance went from a $832m. surplus in April to a $230m. deficit last month, but seasonally adjusted figures showed it was still running at a healthy $513m.

Imports rose by 19 per cent. in May over the year-ago level to $5.4bn., the third highest level ever. Experts ascribe part of the increase (which was 2.4 per cent. in adjusted terms) to a rush to import in March and April when the yen was at its strongest on foreign exchange markets.

Exports, meanwhile, only rose by 16 per cent. on the previous May, but *still amounted to just* over $6bn. for the month, stronger than in either January or February.

As a result, Japan registered a $630m. surplus on trade account in May, or far less than the all-time high of $1.8bn. in April. Since trade was sustained at a high level, the consequent deficit on invisibles fell only slightly, to $510m. from $530m. the month before. Current account was therefore only $120m. in the black, compared with just over $1.2bn. in April.

On capital account Japan managed to improve its position from a $497m. deficit in April to a $240m. deficit in May, but the improvement was not good enough to keep the basic balance in the black.

But what was lost on basic balance in May was largely recouped through an improvement of short-term account, which switched from a $464m. deficit in April to a larger surplus of $510m. in May.

Hence, Japan's poorer trading performance in May did not prevent the country from actually improving its overall balance of payments situation, *going from a $359m. surplus in* April to $390m. in May.

EXPORTS TO JAPAN

In the third of his series of articles on European marketing successes in Japan, CHARLES SMITH looks at French entry into the ski equipment race.

Export race on the ski slopes

JAPAN'S ski slopes are almost as crowded as its city subway trains—hence its *importance* to Rossignol, the top French ski manufacturer. Rossignol is fighting it out with Yamaha (the Japanese company which makes *everything* from *grand pianos* to power motor boats) for supremacy in this multi-billion yen market.

It and its affiliate Dynaster sell *probbaly* over *100,000 pairs* of skis a year out of the total of 625,000 odd bought by Japanese skiers from all sources. The value of the Japanese market to *Rossignol* and *Dynaster together* must be well over Y3bn. per year.

Rossignol started selling skis in Japan 18 years ago through *Mitsui* and has *risen during* that time from "rockbottom" of the market (as Mitsui puts it) to somewhere very near the top.

No-one pretends that selling in Japan has been easy, particularly during the three years since the oil crisis made Japanese consumers tighten their belts. The 10m. skiers of Japan used to buy a new pair of skis on average every two to three years before the oil crisis.

Now they make their old equipment last longer and the market actually shrank last year. Mitsui, however, claims that Rossignol's market share increased again in 1976—though apparently at the expense of *smaller manufacturers*, not of its principal rival Yamaha.

Mitsui says that selling imported skis in Japan is a very tricky business, not because anyone has any doubts about the quality of the product — that would seem to be confirmed by the fact that the most expensive Rossignol skis sell for as much as Y99,000 (£200) — but because of the difficulty of correctly judging demand Yamaha supplies its dealers on what is virtually a sale or return system, taking back unsold skis at the end of the season and applying "make-up" to make them conform to the next season's fashions.

Mitsui and Rossignol do not apply "make-up" and do not take back skis from retailers — hence the importance of judging the market correctly in advance. A decision on *the next season's* demand normally should be made in March or April so that Rossignol can manufacture the skis during the summer in its *French*, Italian *and Spanish* factories and ship them off before the August holiday *season*.

Differences of view of the scope for growth are obviously not uncommon, with Mitsui having been apparently accused by the French manufacturer in some recent years of under-estimating the size of the market.

Mitsui evidently thinks it is better to play safe in its market forecasts because over-ordering can result in discount selling, and cutting the price of a consumer product in Japan is the best way to destroy its quality image.

So far the sports goods people at Mitsui claim to have been fairly successful in judging the market—although they admit to having finished the 1976-77 season with 2,000 unsold pairs of skis.

Rossignol changes the style of about one third of its skis every year so there is no real harm, as Mitsui sees it, in carrying over stocks from one year to the next of the two *thirds* of the range that is to be repeated the following year. What Mitusi tries to avoid at all costs is ending the season with a big stock of skis which are being taken off the market.

The other main focus of Mitsui's marketing strategy is related to ski championships. The company reckons that Rossignol's growth on the top end of the Japanese market depends on the reputation its skis have of being worn by championship winners, either global or national.

To ensure that this continues to be the case, Mitsui puts money into ski schools all over Japan, most of which receive fairly regular visits from Rossignol instructors. It also runs a crack servicing team which is at the disposal of Rossignol ski-users during races.

Mitsui will not say whether Rossignol's share of their Japanese market is greater or smaller than its global market share of 21 per cent. The impression is that Yamaha is putting up a formidable challenge but that Rossignol, as of now, has managed to combine a top *quality image* and a *very substantial* chunk of the world's second largest ski market.

Optimism on MFA talks

By Rhys David, Textiles Correspondent

THE U.K. textile industry and the Government had now adopted common cause over the question of orderly development of future world textile trade and the industry could look forward with some hope to the talks now about to *resume at Geneva on a second* stage of the GATT Multi Fibre Arrangement, Mr. Bill Barnes, chairman of the British Man-Made Fibres Federation *claimed yesterday*.

Mr. Barnes told the federation's annual meeting in London that the textile lobby was longer regarded as crudely protectionist and it was widely recognised that there was no benefit to the world economy in reducing demand in advanced countries through seriously increased unemployment in industries like textiles and clothing.

There was equally no good reason for allowing efficient and competitive upstream sectors such as man-made fibre production to perish due to the unnecessary demise of customers further down the output chain.

Refinery for Nigeria

CHIYODA CHEMICAL Engineering and Construction said it and C. Itoh had signed a contract with the Nigerian Government to build a refinery to handle 100,000 barrels of crude oil per day at Kaduna, Central Nigeria.

The contract includes building a lubricating *oil plant* with an annual capacity of 250,000 tonnes and the whole complex is scheduled for completion in three years time.

Chiyoda declined to disclose the contract price, but industry sources said the deal cost Y180bn., payable in cash.

TVs for Australia

[illegible] of Japan will supply colour television sets to EMI (Australia). Under a contract signed by the two *companies*, Victor will export a total of 300,000 units of colour television sets including half-products over five years to the Australian company. The *value of the* contract is about Y20bn.

Saudi awards

Saudi Arabia has awarded two contracts worth more than 500m. riyals to Pakistani and Indian companies for electrification work, Riyadh Radio reported. The radio said a R245m. contract has been awarded to the Pakistani power and construction company for electrification of Al-Kharj area, near Riyadh, to be completed in 30 months.

The other contract worth R258m. was awarded to the Indian Baharat *company* for electrical work, with the project in the Gizan area on the border with north Yemen to be completed in 30 months.

Reuter

U.S. contract

Sankyo Electric has signed a contract to supply Chrysler in the U.S. with 400,000 compressors for air-conditioners worth Y7bn-Y8bn. through its subsidiary, Sankyo International (U.S.).

Bearing order

A contract valued at nearly £1m. *has* been won by Timken to supply journal bearings for the new SNCF (Société Nationale de Chemins de Fer Français) Interconnexion trains. The bogies for the trains will be supplied by Atelier du Nord de la France who have placed the order for the Timken "SP" (special purpose) bearings.

Slower U.K. export growth

THE TOTAL volume of U.K. exports in the *second* half of *this* years is expected to be about 3 to 4 per cent. higher than in the first half of the year on a seasonally adjusted basis.

This estimate, based on the Department of Trade's survey of short-term export prospects carried out among Britain's top 65 exporting companies, is slightly smaller than the projected 4 to 5 per cent. rise between the second half of 1976 and the first half of the current year.

For the year as a whole the survey projects an increase in volume of total exports of around 7 per cent. from the 1976 level.

This is the first time large exporters' data has been used to forecast total U.K. export volume.

The large exporters expect their own export volume in the second half of 1977 to be 13 per cent. up on the *same period* of 1976—a hihger rate of growth than in the first half.

Taking volume and price movements together the value of exports by large exporters is projected to be 27 per cent. higher—a slightly slower rate than reported for the first half of 1977.

Israel and EEC agree on industrial co-operation

BY L. DANIEL

TEL AVIV, June 16.

AN AIDE MEMOIRE on intensified industrial co-operation between Israel and the Common Market countries has been signed here by EEC representatives. It was decided, following several days of discussions and meetings with Israeli producers, to establish a list of priorities.

The fields selected were metals (particular special ones); electrical and electronic products; chemicals (with emphasis on pesticides and machinery equipment for the pharmaceutical industry); desalination and alternative sources of energy.

The EEC delegation and Israeli *officials* also agreed on ways of furthering co-operation by the exchange of marketing expertise, of commercial and economic missions, participation in fairs and *exhibiting*, and *reciprocity* in research and development.

Also discussed were the non-tariff limitations on imports into the Market, standards, and ways of encouraging sub-contracting in Israel by European countries.

Dr. Dietrich Malzahn, the Market's chief adviser on industry and technology, who signed on behalf of the EEC, stressed that while Israeli companies seemed fairly well informed, European companies had little awareness of the technological and scientific potential and production facilities existent in Israel.

Swedish presses ordered by U.S.

By William Dullforce

STOCKHOLM, June 16.

ASEA, the Swedish heavy electrical equipment group, has received through its U.S. subsidiary orders worth $3m. from General Dynamics and Lockheed for two of its quintus fluid cell presses. *They are used* for the precision forming of air-frame components from high-strength aluminium.

General Dynamics will use its 40,000-tonne unit to shape parts for the F-16 jet fighter, which has been ordered in quantity by the U.S. Air Force and four NATO countries.

Vickers' China order

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE £5.75m. contract won by Vickers Engineering in China, announced on Tuesday, is the first major plant order to be received by the company from the People's Republic for many years. It is the result of three years' close co-operation between engineers from both countries working out the specifications and details.

Vickers is to supply an aircraft tyre, wheel and brake test Dynamometer to the China National Technical Import Corporation. It is made up of more than 500 tons of complex engineering and will be delivered within two years so that it can go into operation in 1980.

The deal also provides another example of the determination of the People's Republic of China to buy in very high technology. This will be only the third installation of its kind in the world. It will be used for testing aircraft tyres and brakes to give a more representative simulation of aircraft operating conditions and should therefore improve aircraft safety standards.

The first was built for Dunlop at Birmingham and the second, currently being completed, went to the USSR.

New Chrysler confirmed

BY TERRY DODSWORTH

CHRYSLER-FRANCE directors confirmed yesterday that the company would be producing a new small model, code-named the C2, in early 1978.

The new car will be similar to a U.S. model, the LK, which will be launched later this year and will be powered by a 1,750 Volkswagen engine.

It is designed to fill the gap between the Simca 1100 and the 1307/1308 (the Alpine model in Britain) Chrysler directors told shareholders at the annual meeting.

The company is investing Frs.200m. in machine tools at its Poissy plant to produce the C2.

HOME NEWS

Employer student aid will be probed

By David Freud, Industrial Staff

AN INVESTIGATION into whether educational trusts set up this year by big companies are breaking the pay code was launched yesterday by the Department of Employment.

Imperial Chemical Industries and British Petroleum have set up trusts this year to give employees' children cash grants to aid their university education. BP grants are available to children of pensioned former employees.

Several other companies are looking into the feasibility of the scheme, among them Shell.

Grants are already being made. Generally a full £700 is paid to successful applicants. BP estimates that it will have paid £600,000 in the 1976-77 academic year.

The ICI Educational Trust said the criterion for making grants was solely the income of the student, which would include local authority grants. Parental income was not considered.

The BP Education Trust makes grants regardless of other income. It found that most applicants were the children of lower management, probably earning less than £6,000 a year.

The ICI trust denied yesterday that the payments broke the pay code. "This money is not paid to employees, but to their children," it said.

Oxide plant 'can cut nuclear radiation'

BY IAN BREACH IN WHITEHAVEN

THE WINDSCALE planning inquiry was told on its third day yesterday that "the small group of people" most likely to be affected by radioactive discharges from the Windscale factory of British Nuclear Fuels would be exposed to significantly lower radiological hazards if the oxide processing plant proposed were granted planning permission.

Previewing evidence to be given later in the inquiry by Mr. Peter Mummery, British Nuclear Fuel director of health and safety, Lord Silsoe, for the company, said there was a commitment on radiation emission standards attached to constructing the planned reprocessing plant.

It meant that the greatest potential radiation dose for the group most likely to be affected in the plant would be about 10 per cent. of the dose limit laid down by the International Commission on Radiological Protection, lower than it is now. The general public would be placed at even lower risk.

Lord Silsoe listed 14 witnesses and four consultants who would appear for the company, in its case for expanding the Windscale factory.

Before the first witness, Mr. C. Allday, managing director of the company was called, the inquiry chairman, Mr. Justice Parker, gave a set of 13 points on which, he said, he and his assessors wanted early clarification from the company.

These clearly took both plaintiffs and appellants by surprise, pre-empting as they did several questions which objectors to the plan intend to raise.

Mr. Justice Parker said he wanted to know what quantity of plutonium it was estimated would be required to provide the initial fuel for a fast-breeder reactor station if a decision was made to operate a fast reactor programme.

He said the figures so far made available by the company suggested that the amounts of plutonium to be recovered in the proposed new plant exceeded what would be needed to fuel fast reactors in Britain, even on the highest forecasts of electricity demand.

"We would like to know if one of your objectives is to keep open the fast-breeder option."

He asked Lord Silsoe to provide evidence clarifying the extent to which the company's plans represented a commitment to foreign spent fuel re-processing contracts.

Mr. Iain Glidewell, acting for Cumbria County Council, in cross-examination of Mr. Allday, suggested confusion in the capacity figures provided by the company, and that the backlog of spent fuel assumed in the company's submission could never be cleared.

An additional plant would be required shortly after the year 2000, he said.

Mr. Allday said: "The next century is a long way away." He conceded that under-capacity would exist in the late 1990s.

Further questioned by Mr. Raymond Kidwell, for Friends of the Earth, Mr. Allday declined to disclose the company's contractual arrangement, made by British Nuclear Fuels with its French counterpart, Cogema, and 11 Japanese electric power utilities.

Mr. Justice Parker requested, however, that the company make available details about the cost-plus formula to be used, the arrangements for returning spent fuel, and the penalty to be written into any such contract.

Hopes are rising for four oil platform orders

BY CHRISTOPHER DUNN

FOR CONCRETE platform orders for the North Sea could be placed in the next 18 months, according to McAlpine Sea Tank, jointly owned by Sir Robert McAlpine and Sea Tank of France. The newly formed company hopes to be awarded at least one, and possibly two of the contracts.

MST is hopeful that the order will come from BP, for the Magnus field. This contrasts with earlier hopes that a contract might materialise from Shell.

BP said last night that preliminary engineering design studies on the Magnus field had been completed, and a single platform development was envisaged. But no further decisions would be taken before the end of this year.

McAlpine Sea Tank's surprisingly optimistic outlook, in view of official scepticism about concrete platform prospects, was made in London yesterday by Sir Ralph Murray, chairman of MST, who was announcing the formation of the company.

MST said that it was still very cautious about securing an order, and that it all hinged on whether "the clients who start making noises carry on making noises."

But it also saw the tide swinging back in favour of concrete platforms, and this optimism created the rationale for the new joint company.

To date, McAlpine, which has provided civil engineering expertise, and Sea Tank, which has provided design and pipework know-how, have had a fairly loose working relationship. One effect of the new deal is to bring the two operations much closer together.

McAlpine has been awarded three contracts for concrete platforms and the last two now under construction for Shell/Esso—the Brent C and the Cormorant platforms—are due to be towed to Norway for deck construction within the next six weeks.

The effect of a new concrete platform order on employment would be considerable. MST will enjoy manufacturing facilities at the McAlpine Ardyne Point site.

The labour force at Ardyne in the absence of fresh work has been run down from a peak level of 5,000, and shortly should comprise a skeleton maintenance staff.

Present developments suggested that there would be no orders for concrete platforms this year. The only one likely to materialise next year would be an extension to the Cormorant field, operated by Shell.

Phillips, however, was now looking at two other smaller fields in addition to its large Maureen find. With three finds on its hands, and Phillips tending towards a preference for a concrete structure, another order could materialise.

Directors' chief argues against Phase 3

By Kenneth Gooding, Industrial Correspondent

IT BECAME clear last night that the Institute of Directors takes entirely the opposite view to the Confederation of British Industry on the question of whether there should be a Phase Three of the pay code.

Mr. Denys Randolph, chairman of the Institute, described the argument that pay restraint would control inflation as "a hoax."

"Phases one and two have failed to bring our roaring inflation down to anywhere near the level of foreign competitors.

"There must be no Phase Three in the private sector because the distortions already created by the first two phases are interfering with our ability to produce."

Mr. Randolph is also a member of the CBI Council, and was at Wednesday's meeting when the confederation decided to press the Government to battle on for a tight Phase Three.

At the informal dinner with the Chancellor, which followed, the CBI team gained the impression that Mr. Healey had certainly not given up hope of achieving it.

Mr. Randolph said yesterday when formally opening the new Thames Valley branch of the Institute at Maidenhead: "Pay restraint is a short-term medicine: addiction causes lethal side-effects.

"We have seen this already in the Leyland toolrooms. Because we all felt better after the first spoonful, it is now being used to con us into thinking that it cures inflation.

"But pay restraint merely alleviates the symptoms, while the causes—monetary ill-discipline and massive overspending in the public sector—continue to rage at fever pitch."

Mr. Randolph went on to urge the Chancellor to forget Phase Three for the productive sector and to concentrate instead on the problem of getting to grips with money and spending.

Enterprise Board buys into 'roll-on' supplier

By Kenneth Gooding, Industrial Correspondent

THE NATIONAL Enterprise Board has paid £64,500 for a 48.9 per cent. stake in Hydraroll, a six-year-old company which supplies equipment to provide easy "roll-on" loading of pallets, crates or smaller packages on to commercial vehicles.

Mr. Richard Webb, the managing director who set up the Birmingham-based company in 1971, said yesterday that he turned to the Board because other financial institutions were not particularly enthusiastic about a new company with brand new products.

Market

The Board was keen to back Hydraroll because it feels there is a large overseas market for the inflatable roller tracks and inflatable platforms the company makes.

Mr. Webb said his company already has orders from Japan and Holland and inquiries from many other parts of the world.

The company needed an injection of new cash to provide working capital to increase sales. More salesmen were needed, for example.

The company has been developing its two principal products, Hytrack and Hydraroller Platform since 1971. Mr. Webb said these were different from competing equipment as they are permanent fixtures in the vehicle.

Considerable money had been spent protecting the patents in the world's major manufacturing countries.

Fast reactor 'need for AD2,000'

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

PRACTICAL nuclear fusion systems and safe fast reactors will have to be developed if in the 21st century the developing countries are to have anything approaching the sort of life for ordinary people that they will expect, Prof. John Coales, chairman of the Commonwealth Board on Engineering, Education and Training, said yesterday.

He told a seminar in London that the world would also need to develop "safe and acceptable" methods of "extracting or deriving" energy from coal deposits for various reasons at present unworkable.

Economically viable methods of making and using hydrogen or methanol to replace fossil fuels would be needed too.

Prof. Coales told the Commonwealth Engineers' Council seminar "Engineers for the 21st Century" that even to meet the absolute minimum needs of the Third World, a much greater rate of capital investment was required well into the 21st century.

"By the nature of things this must mostly go on engineering projects in areas such as transport, power production, communications, factories, sewage systems, irrigation and agricultural machinery."

In almost all these fields technology was well developed. But in some areas such as energy production quite new technologies, such as fast reactors, must be successfully developed "if civilisations were to survive much beyond the 21st century."

Court battle starts over oilfield rates liability

SPECIAL CASES to decide whether rates can be levied on North Sea oilfields began yesterday before three judges in the First Division of the Court of Session in Edinburgh.

The Assessor for the Grampian region propose values of £6.5m. value of £17.4m. for the Forties Field operated by BP Petroleum Development.

The Assessors for the Fife region propose value of £6.5m. each for the Auk Field and the Argyll Field, operated by Shell U.K. and Hamilton Bros. Oil and Gas.

The oil companies, who are financing the special cases to get a ruling from the court, contend the assessors have no jurisdiction beyond the low-water mark and that it is not competent for them to include the oilfields in their valuation areas.

The assessors maintain the oilfields are lands and heritages situated within the boundaries of their regions.

Divers' tax changes 'could harm North Sea fuel production'

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT has been warned that North Sea oil exploration and development work could be hit seriously by an exodus of divers, angry over a change in their tax status.

The Association of Offshore Diving Contractors said yesterday that more than 200 of the 1,200 to 1,300 divers working in the North Sea had either left the country or had given up diving work because they had lost their self-employed tax status.

Mr. Tom Hollobone, the association's secretary, said after a meeting with Dr. Dickson Mabon, Minister of State for Energy, that contractors were already finding it difficult to fulfill their offshore oil service contracts.

The industry was particularly concerned about the loss of saturation divers—those who worked in the deepest parts of the North Sea—who were vital in the inspection, maintenance and development of underwater oil and gas installations.

Dr. Mabon agreed to convey the contractors' observations to the Treasury and Inland Revenue. The Energy Department said that the Minister listened "sympathetically" to the concern expressed by the diving industry's representatives.

The Department has already agreed that there should be a tripartite committee formed immediately, between Energy officials, the Treasury and the diving industry to discuss the problems.

Mr. Hollobone said yesterday: "We need some fancy footwork by Government to overcome the difficulties. We are looking for positive responses, and quick action."

Mr. Anthony Wedgwood Benn, Energy Secretary, was told this week that one company alone, Comex Diving, had lost 114 of its divers—about 40 per cent. of its underwater operational staff—as a result of the introduction of PAYE taxation in April.

Modest growth of money supply

BY MICHAEL BLANDEN

THE money supply showed only a modest rate of growth last month, after the exceptional jump recorded in April.

On its wider definition (M3), the sterling money stock increased by 0.6 per cent. after seasonal adjustment in the four weeks to mid-May, compared with a jump of 2.4 per cent. the previous month.

Domestic credit expansion (DCE), the main monetary measure being used by the International Monetary Fund to monitor the U.K. economy, totalled £387m. on a seasonally-adjusted basis, against £77m. the previous month.

On both counts, the figures for the past month (the first of the current financial year) indicate that the trend of the monetary aggregates is at present well within the targets set for the year.

The agreed limit for DCE this year is £7.7bn., which the Chancellor has indicated would be consistent with a rise in sterling M3 over the year of 9-13 per cent.

In the past financial year, in spite of the jump in the monetary aggregates in April, their total growth was well under the target levels, with DCE at less than half the limit of £9bn.

The Bank of England, however, expressed the hope in its Quarterly Bulletin yesterday that it would be able to achieve a rather smoother path of monetary expansion this year compared with the sharp short-term fluctuations seen last year.

The figures for the past month indicate that a reasonable start has been made in this direction. During May, the central government borrowing requirement was unusually large, reflecting a number of special factors, including changes in the timing of certain payments to local authorities and an apparent switch in local-authority borrowing from the private sector to the Public Works Loans Board.

The borrowing requirement, however, was substantially met by sales of central government debt to the general public. These included calls on part-paid gilt-edged stocks—one of the new instruments being used to smooth out movements of the monetary aggregates—as well as Treasury bills and national savings.

There was, also, some decline in bank borrowing by the rest of the public sector. The recovery in bank lending to the private sector seen in April appears to have been maintained, in line with indications given last week in figures published by the London clearing banks.

Total lending to the U.K. private sector rose by £52m., allowing for a fall in official holdings of commercial bills acquired by the Bank of England issue department in the course of market operations.

The increase in sterling M3 brought the rise over the latest three months to some 3 per cent. The narrow definition of the money stock (M1), which includes only notes and coin in circulation and U.K. private sector sterling sight deposits, rose by only 0.3 per cent. after the particularly sharp increase of 3.6 per cent. in the previous month.

Further step in computer sales scheme

A STAKE in a second computer software house has been bought by the National Enterprise Board as part of its scheme to market British expertise in the U.S.

The Board is to buy 26 per cent. of the shareholding of Systime of Leeds for £500,000. It will also provide a loan of £700,000 to help future development.

It acquired a 30 per cent. stake in Computer Analysts and Programmers (CAP) for £550,000 in April. It is expected that it will shortly buy a stake into a third software house, Systems Programming Ltd. (SPL) shortly.

Eventually the Board hopes to acquire a stake in up to 10 of the leading software houses. Its aim is for its new subsidiary Insac Data Systems to develop products with them for marketing overseas.

Banks lend Housing Corporation £35m.

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE Housing Corporation to-day will sign an agreement with merchant bankers Morgan Grenfell to borrow £35m. from a syndicate of banks to support its housing programme.

The corporation says that it will thus be able to limit the effect of Government cuts and carry out 85 per cent. of the current year's programme and 90 per cent. of the work planned for 1978-79.

The Government cut £57m. in December from the corporation's proposed 1977-78 expenditure of £333m. in England, while further reductions were announced for the following 12 months. Scotland and Wales were not affected.

After discussions with the Department of the Environment, the corporation was authorised to attempt to raise up to £50m. of private finance over the two years concerned.

The corporation said yesterday: "We have been exploring several possibilities, and the first to reach fruition is this £35m. loan syndicated by Morgan Grenfell on the inter-bank market, repayable over seven years.

"The loan is at 1½ per cent. over the London Interbank rate. We normally borrow from the National Loans Fund over 40 years.

The loan has been arranged through the Housing Corporation Finance company, in which the corporation has a 40 per cent. stake. The remaining 60 per cent. is held by the National Federation of Housing Associations, the Guinness Trust, the Sutton Trust, the Notting Hill Housing Trust, Paddington Churches Housing Association, and London and Quadrant Housing Trust.

The corporation will look at ways of raising the further £15m. authorised.

Fare cuts for children

TO ENCOURAGE family travel by train this summer, the cost of child Awayday return tickets will be cut by British Rail — offering savings of several pounds for many day trips.

From Sunday until Saturday, September 10, children aged between three and 13 will be able to travel almost any distance at an Awayday return fare of 40p if accompanied by an adult. Two 40p child tickets will be available for each adult purchaser of an Awayday return ticket.

Grandparents may also take advantage of the special offer as they can buy Awayday tickets at half price for themselves using a senior citizen railcard, and one or two 40p tickets for their grandchildren.

British Rail said yesterday: "The wide range of reduced fares we provide has helped boost the number of passengers in recent months and we aim to maintain this success. This special summer offer of a bargain one-price ticket for children is being introduced to help us to continue the upward trend of passenger business."

Business riders

THE NATIONAL Equestrian Centre, near Kenilworth, Warwickshire, is to run a four-day riding course for executives and business people.

Hobbies, too

THE BRITISH Toy Manufacturers Association is to be renamed the British Toy and Hobby Manufacturers Association from October in recognition of its increasing activities in the hobbies sphere.

Port aids order

A £700,000 order from the Shetland Islands Council to supply install and commission the complete visual In-port Navigational Aids system for the Sullom Voe Oil Port in the Shetland Islands has been won by Stone-Platt Crawley, a subsidiary of Stone-Platt Electrical.

BANK RETURN

—	Wednesday June 15 1977	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	18,707,672	— 1,394,563
Special Deposits	[illegible]	— 1,460,000
Bankers	309,989,314	— 96,681,311
Reserves & Other A/cs	560,543,129	+ 26,436,511
	1,362,973,121	— 73,098,363
ASSETS		
Govt. Securities	1,068,678,176	+ 49,965,000
Advanced & Other A/cs	205,836,326	—128,809,972
Premises, Equip't & other Secs	85,161,162	+ 177,387
Notes	9,106,515	+ 6,569,769
Coin	160,962	+ 8,453
	1,366,973,121	— 73,098,365
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	7,175,000,000	—150,000,000
In Circulation	7,165,893,456	—155,569,769
In Bank'g Dept	9,106,515	+ 6,569,768
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs.	6,218,107,939	—133,549,852
Other Securities	945,876,961	— 16,450,188
	7,175,000,000	150,000,000

Slater hearing to-day

BY MARGARET REID

MOVES BY the Department of Trade to appeal against the acquittal of Mr. Jim Slater, the financier, on 15 charges involving £4m. under the Companies Act, 1948, are to take place at a High Court hearing this morning.

After the summonses against Mr. Slater, founder and former chairman of Slater Walker Securities, were dismissed at Guildhall Court in February, the Department asked the magistrates to state a case.

Having considered the case stated, the Department is to ask, at to-day's hearing in the Divisional Court of the High Court, that the case should be stated more fully. This is the next stage in a process of appeal.

Section 54 deals with prohibition on companies financing the purchase of their own, or their holding company's, shares. The original charges carry a maximum fine on each count of £100.

Inquiry chief's £362,184

VISCOUNT RADCLIFFE, who headed many important public inquiries set up by governments over two decades, left £362,184 gross, £351,082 net, in his will published yesterday. Lord Radcliffe, of Hampton Lucy, Warwick, died in April, aged 78.

TOBACCO SUBSTITUTES: Are they worth a light?

There are two tobacco substitutes, *CYTREL* and *NSM.*

Both are designed to do one thing, to reduce the tar yield of cigarettes.

But please don't let anybody kid you that the presence of a tobacco substitute in a 'low to middle tar' cigarette will automatically give it the qualities of a 'low tar' cigarette, because it won't.

The most sensible way to use any tobacco substitute is to blend it with tobacco to produce a cigarette which the Government is prepared to define as 'low tar.'

Very shortly, we will be producing two new Silk Cut cigarettes containing tobacco substitute.

These will give you a really good smoke with an even lower tar yield.

Silk Cut® with tobacco substitute. On sale from 1st July.

CYTREL® is the registered trade mark of the Celanese Corporation of America. NSM is the trade mark of New Smoking Materials Ltd.

SC48

LOW TAR As defined by H.M. Government
EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

HOME NEWS

Few food makers make good profits

By David Freud, Industrial Staff

ONLY FOUR of 60 food processing concerns have been consistently profitable over the past three years, according to a report by ICC Business Ratios, published yesterday.

Business Ratios says that, when inflation is taken into account, the criterion for profitability is a return on capital of more than 20 per cent.

In food processing there were 11 companies with a return of less than 10 per cent.

Adjusting accounts for inflation had the effect of reducing the average after tax return on shareholders' funds from 8.72 per cent. on a historic cost basis to 0.26 per cent.

Wide range

Relating profit to sales, the report finds that profit margins fell by nearly a quarter in the middle year, 1974-75, to 2.7 per cent. before recovering in 1975-1976 to 3.3 per cent.

The range of profit margins was wide, with five companies above 9 per cent. but almost half the sample below 3 per cent.

The slide in underlying profitability had taken place against a background of widespread cost cutting and improvement in efficiency.

Use of assets had improved substantially and consistently and there was a similar improvement in the rate of turnover of stocks. The credit period allowed to customers had been reduced for two consecutive years by a total of 14 per cent.

ICC Business Ratio Report on Food Processors, Inter Company Comparisons Ltd., 81, City Road, London EC1Y 1BD, £36.

Imports of commercial vehicles go up by 22.8%

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

COMMERCIAL vehicle imports have notched up a 22.8 per cent. improvement in the U.K. market this year to take advantage of a steady expansion in overall sales.

New registration figures released by the Society of Motor Manufacturers and Traders yesterday indicate that much of the immediate advantage from the market growth of 3.9 per cent. this year has been grasped by the importers.

Total British sales in the first five months amounted to 81,327 units, against 80,390 in the corresponding months last year, while importers' registrations are up from 11,917 to 14,629. Imports now stand at 15.5 per cent.

One of the encouraging features of the market is that the heavy truck and articulated lorry sector is expanding healthily again after a long period of depression.

In this sector, where a wide range of importers have established a strongly competitive presence at the top end for vehicles of 32 tons gross vehicle weight and over, sales are up from 24,043 in the first five months of last year to 25,556.

Of these the importers have grasped a significant share—up from 2,851 units last year to 3,718. Sales of U.K. heavies were up from 21,186 to 21,838.

Among the smaller vehicles, a particularly spectacular impact has been made by the new light Honda van, which, launched in the autumn of last year, has registered 1,069 sales already this year.

The May monthly figures indicate that the industry can now look forward to a continuing improvement in sales.

Total registrations were up by 8.1 per cent. on the same month last year, with Ford establishing overall market leadership (30,365 units), in front of British Leyland (24,485) and Bedford (18,771).

In the big-truck market Ford took 27.8 per cent. of all sales, ahead of Leyland (22.1 per cent.) and Bedford (19.2 per cent.). Ford also dominated the middle-range vehicle sector with 44.6 per cent. of the market against Bedford's 18.6 and Leyland's 14.3 per cent.

Leyland led the car-derived van and pick-up category with 34.6 per cent.

Call to give lorries priority over cars

PRIORITY SHOULD be given to commercial vehicles at the expense of private cars, Sir Daniel Pettit, chairman of the National Freight Corporation, said yesterday.

He suggested reserved road space and special provisions for access to premises taking deliveries from commercial vehicles; possible restriction for cars by special licences, further limitations on parking, and even road pricing.

"Whereas a reasonable alternative to cars exists in the form of railway, subway or bus, there is no substitute for the door-to-door operations of the lorry," he said.

Sir Daniel, addressing the annual conference of the Institute of Municipal Engineers, claimed that the real villain when it came to urban congestion was the private car. Only 10 per cent. of the 17.5m. vehicles on British roads were goods vehicles, he said, while the much-maligned juggernaut accounted for only 0.54 per cent. of the total in 1975.

He warned: "There is a point, which can be quickly reached to-day, where discrimination against the lorry by legislation, investment constraint, traffic management or attempts at direction could lead to the withdrawal of road transport facilities from operation, because it would become economically and socially unattractive or even impossible to the provider as a consequence of these deterrents."

Heavy trucks weight limit 'should go up'

MR. DAVID PLASTOW, president of the Society of Motor Manufacturers and Traders, called yesterday for a fresh initiative from the Government to establish a new maximum gross vehicle weight limit for heavy trucks.

Mr. Plastow, who was addressing the Society's annual council lunch after being re-elected for a second term as president, said that procrastination could "again lose a market which we will then spend half a decade struggling to recover."

The British industry was becoming more closely involved in European affairs.

Money care education scheme for savings

By Eric Short

THE VOLUNTARY National Savings Movement aims to concentrate on "money management education" in future, Sir John Anstey, president of the National Savings Committee, said in London yesterday.

It was envisaged that the movement would establish a money management association supported by both Government and the main savings institutions to provide an educational service to teachers and training establishments.

The future of the movement was put into jeopardy when the Government decided last July to withdraw the 500-strong Civil Service support staff by March next year as part of its programme of reducing public expenditure.

The move was deplored by Sir John, who said that the members of the movement were bitter, and disillusioned by the Government's plan.

However, the movement thought it had an important role to play in the future, and was anxious to get an early agreement on the role of the organisation before it ran down beyond the point of no return.

The National Savings Committee said that Sir John had set up a steering committee under the chairmanship of Mr. I. de L. Radice to deal with its question. Its findings published yesterday recommended a slimmed-down movement concentrating on its educational role.

The movement would no longer be concerned with actual collection of money for investment in National Savings, a role seriously curtailed by withdrawal of savings stamps.

Charities cope by ingenuity

BY CHRISTOPHER DUNN

CHARITIES ARE coping with the recession through their originality and ingenuity, according to the Charity Commissioners' Report for 1976, published yesterday.

For example several had acted as sponsors under the Job Creation Scheme. Other projects included the renovation, alteration and decoration of homes for the sick and the infirm; the building of play areas; and the construction of rain shelters, hides and lavatories on nature reserves.

The net effect of that had been to deploy small funds to the benefit of the community at a time when official funds had been cut.

Report of the Charity Commissioners for 1976. Commons Paper 389, SO, 85p.

Light ray phone cable leads world

By Max Wilkinson

THE POST OFFICE yesterday demonstrated the world's longest optical fibre, which transmits telephone conversations by means of light rays.

The light beams carry conversations by encoding speech waves into digital pulses. The pulses are transmitted like an enormously fast morse code at the rate of several million pulses per second. A converter at the receiving end reconstitutes the pulses into the original conversations.

"Until recently the information-carrying capacity of light was little used, because beams could be transmitted only over short distances. The new glass fibres act as minute "pipes," each the thickness of a human hair, which can carry laser beams over long distances.

The beams are reflected from the internal surface of the optical fibre and can thus be "bent" round corners by successive reflection. By grouping 10 fibres together, the Post Office says 10,000 calls can be carried in a cable only a quarter-inch in diameter as against the one-and-a-half inches of coaxial cables.

Small industry plan for Lake District

By Our Windermere Correspondent

PLANS ARE being developed to help Lake District villages become more viable by the establishment of small industries compatible with the surroundings.

The planning committee of the Lake District Special Planning Board yesterday gave the go-ahead for more workshops in the village of Coniston.

The Coniston scheme is expected to be a prototype for land use and development in other Lake District villages.

Unit trust re-buys set record, but investment is down

BY CHRISTOPHER HILL

UNIT TRUST re-purchases were a record £29.5m. last month, according to figures issued yesterday by the Unit Trust Association. But the £11.7m. rise on the April figure was accompanied by a big jump in the level of sales, too, leaving net new investment relatively modest.

At £36.6m., sales were at their highest level since March last year, and £11m. above the level of a month before.

As a result, net new investment during the month—which saw the FT All-Share Index rise by about 3 per cent.—was only £7.1m. against April's £7.8m.

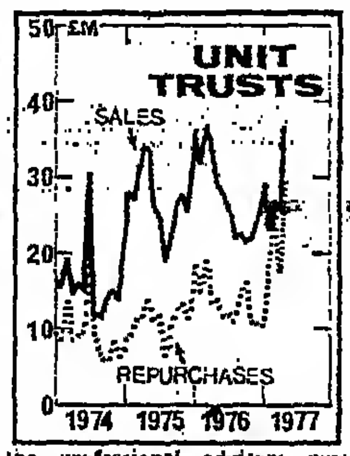
Mr. Edgar Palamountain, managing director of M and G and chairman of the UTA, said yesterday that higher repurchases were a feature of a rising market and the fact that the traditional type of unit trust investor was not the kind of person who was being squeezed by inflation and had "to sell to buy bread."

He took comfort from the fact that the total value of unit trust funds exceeded £3bn. for the first time in May. There was also a marginal rise in unit trust accounts to 2.07m.—the first that has been seen for many months.

Mr. Palamountain had hoped that the sell-off by unitholders who needed to redeem their units had occurred already during the March/April period.

One explanation may be that the professional advisers now play a larger role in influencing block purchases of units than once was the case and are quick to switch back into cash if a downturn in the stock market seems likely.

The cumulative unit trust figures for the first five months of this year make it seem likely that this is not going to be a good year for unit trusts unless there is a substantial change of sentiment in the second half. Sales are down from £168m. at the same time last year to £140.1m. and repurchases are up from £78m. to £110m. This leaves a considerably reduced net investment total of only £30.8m. compared with £90m. last year and £96m. in 1975.



Church rejects basic pay for all clergy

A SUGGESTION that the Church of England's 12,000 clergymen, deaconesses and licensed lay workers—from Archbishop to assistant curate—should all have the same basic pay is rejected in a report by Church Commissioners.

After weighing up the arguments for paying them all the same basic stipend, with allowances based on need, the Commissioners plump for the status quo.

They report: "We found it impossible to arrive at definitions which would be sufficiently comprehensive and exact to form the foundations and structure of an equitable system of remuneration.

"The importance of 'need' is something to be recognised and catered for primarily by an adequate basic or minimum stipend."

The Commissioners, who provide about a third of the total pay of the clergy (the rest comes from the individual parishes) will submit the report to the General Synod.

The present recommended stipend level varies from £t 730 a year minimum for assistant curates to £9,828 a year for the Archbishop of Canterbury.

See Men and Matters, Page 22

BALANCE OF TRADE

		Exports (£m. seasonally adjusted)	Imports (£m. seasonally adjusted)	Exports (Volume seasonally adjusted 1970 = 100)	Imports (Volume seasonally adjusted 1970 = 100)	Terms of trade* (Unadjusted 1970 = 100)	Oil balance £m.
1976	1st	5,611	6,149	131.5	126.1	81.6	−960
	2nd	6,209	7,128	137.1	134.6	80.3	−957
	3rd	6,400	7,548	134.2	137.9	80.5	−1,043
	4th	7,074	8,061	140.8	138.1	79.3	−1,004
	October	2,306	2,624	140.8	140.6	79.6	−259
	November	2,320	2,775	138.1	140.1	78.7	−407
	December	2,448	2,662	143.3	133.6	79.6	−331
1977	1st	7,415	8,383	140.7	142.4	80.6	−817
	January	2,479	3,017	141.0	153.9	81.0	−358
	February	2,437	2,625	138.3	133.8	80.5	−204
	March	2,499	2,741	142.9	139.4	80.2	−255
	April	2,635	2,764	148.8	138.6	79.6	−211
	May	2,616	2,860	145.3	142.4	80.9	−302

* The ratio of export prices to import prices

THE VISIBLE trade deficit last month was £244m.—an increase of £115m. on what the Department of Trade describes as the "comparatively low April figure" and about the same as in March.

Most of the rise is explained by a £81m. increase in the visible oil deficit as a result of "erratic movements."

Crude oil exports fell by £44m. last month to £50m.: this partly reflected an "irregular movement in the flow of documents to the Customs Statistical Office." There is no doubt about the underlying improvement in the oil deficit as a result of the build-up of North Sea production.

Over the last three months, the oil balance has improved by £126m. compared with the previous three months, while over the same periods total export volume has risen by 3½ per cent. with import volume unchanged.

LABOUR NEWS

Shipbuilding body faces union clash

BY ALAN PIKE, LABOUR STAFF

THE SHIPBUILDING and Allied Industries Management Association is preparing to ally itself with the Engineers and Managers Association—a move which is bound to provoke the wrath of engineering unions and add to industrial relations difficulties in the newly-nationalised shipbuilding industry.

After months of courting by unions in the Confederation of Shipbuilding and Engineering Unions—which are determined that only they shall be recognised in the industry — non-TUC affiliated SAIMA has turned instead to Mr. John Lyons's Engineers and Managers Association.

The body was formed recently out of the Electrical Power Engineers Association to represent professional engineering and managerial staff throughout industry and is in the TUC.

The merger, if approved by a ballot of 1,600 members in September, will be on a "transfer of engagements" basis and, Mr. Lyons stressed yesterday, will not conflict with the TUC's Bridlington rules against poaching of members.

He said the Engineers and Managers Association was anxious to work in harmony with confederation unions and the proposed link with SAIMA was not intended as a hostile act. "We are not taking on anyone or attempting to be controversial or antagonistic."

However confederation unions can be guaranteed to take a different view and the first reaction to the move may come at their conference in Scarborough next week.

Unions like TASS—the staff section of the Amalgamated Union of Engineering Workers—the Association of Professional, Executive, Clerical and Computer Staffs and the Boilermakers Amalgamation have all shown keen interest in recruiting shipbuilding industry managers.

They argue that the established unions in the industry are quite capable of looking after the managers' interests, although they have few in membership at present.

However, Mr. Christopher Hayward-Jones, general secretary of SAIMA, believes that his members have more in common with managerial and professional staff in general—the area in which the Engineers and Managers Association is trying to recruit—than with shipbuilding employees.

In another move yesterday, Mr. Lyons announced that his union is considering legal action against the Advisory, Conciliation and Arbitration Service for allegedly failing to carry out its duties to determine union recognition disputes under Section 11 of the Employment Protection Act.

Miners vote to challenge pay code

By Ray Perman, Scottish Correspondent

SCOTTISH MINERS voted yesterday to campaign for a new pay increase in November, eight months after the Phase Two settlement.

The executive resolution, which was endorsed unanimously by delegates to the Scottish area conference of the National Union of Mineworkers, in Perth, is a clear challenge to the rule that there must be 12 months between increases.

The Scottish delegation to the national conference of the union next month, which is certain to back the militant demand for £135 a week for face workers, will now go further and argue that negotiations backed with the threat of industrial action should start immediately rather than wait until next March.

Mr. Mick McGahey, Scottish president, urged delegates to think seriously before voting for the resolution. They would be called greedy by the Press and would be committing themselves to campaign for support among miners.

"It is not sufficient just to oppose the social contract. What we require is a wages offensive in this country to increase purchasing power so that we can create the conditions in which we start to absorb the 1.3m. unemployed."

Mr. McGahey said the resolution should not cause tremors in the City of London; it was not anti-Government. The miners had given unstintingly to support the Labour Government and would fight tooth and nail to oppose the return of the Tories.

The conference also voted to press for an increase in annual holidays from two to four weeks, and to back the Grunwick strikers by organising pickets.

● Nottinghamshire miners leaders are to seek a High Court injunction to prevent the NUM national executive signing a new concessionary deal agreement with the Coal Board worth eight tons of free coal a year.

Prior lists industrial democracy priorities

BY PAULINE CLARK, LABOUR STAFF

THE CONSERVATIVES would vote against any Government attempts to legislate prematurely on worker participation on company Boards and as a Government would delay any moves to lay down a legal framework for industrial democracy for at least three years, Mr. James Prior said yesterday.

The shadow Secretary for Employment said in London that in three or four years the time would be ripe for Acts of Parliament, "but that time has certainly not come yet.

"The British have shown in the past that they respond better to a carrot than to the stick so we must look more towards creating incentives for employers to co-operate on worker participation than towards legislation."

"The Tory approach," Mr. Prior explained, "would be to watch and encourage the voluntary development of worker participation in industry over a period of years and then to introduce legislation" to encompass the schemes which had grown up naturally within that period.

He envisaged the setting up of an organisation—possibly within the Department of Employment—for gathering information on individual company worker participation schemes as they developed. Then, he believed, a special committee might usefully be set up to collate the reports and decide what sort of legislation was needed.

Mr. Prior told industrialists and trade unionists at a conference on the influence of the Bullock report that he thought it unlikely that the present Government would be in a political position for some time to enforce rigid structures of industrial democracy on companies.

Nevertheless he was anxious to see industry move forward in response "to the overwhelming case that exists for increasing employee participation at work." And he warned managements to guard against paying only lip service to consultation with employees.

Cowley men endorse new branch

By Our Labour Staff

TRANSPORT and General Workers Union officials won endorsement yesterday for proposed reforms in the union structure at Leyland car assembly plant, Cowley, Oxford, mass meeting, despite hostility from opponents.

The changes include setting up a new branch and electing all officers by ballot.

A statement that the meeting endorsed the proposals, initiated by the union's Midland Regional Committee and approved by Oxford District Committee by a two-to-one majority, was challenged by Mr. Alan Thornett, chairman of the union's main branch at the factory.

He claimed that when the chairman asked for a vote to be taken members voted by show of hands, and the chairman announced that the changes had been approved.

Mr. Reg Parsons, the senior steward, chairman at the meeting, said: "I have no doubt that the vast majority of the members knew they were voting for the reform."

Mr. Thornett is chairman of a branch formed three years ago after an earlier union inquiry. A more recent investigation by the union found the branch unrepresentative and attended on average by 20 people.

More action planned over spending cuts

BY OUR LABOUR STAFF

FURTHER ACTIONS against the cuts in public spending were outlined yesterday by two of the unions most directly involved.

In Scarborough, the National and Local Government Officers Association, the biggest white-collar union in the public sector, decided to step up its one-day strikes.

Delegates to the union's annual conference voted overwhelmingly for strike action at branch level against specific threats to jobs and council services.

Some NALGO branches have already taken 24-hour strike action during the past year.

The decision reflects a shift in the union's strategy on the cuts. So far there have been a series of general protests, including strike action, at local level, aimed at drawing the public's attention to the effects of the cuts.

But now it intends to be more specific in its fight, using strikes as one weapon in prolonged industrial action to protect particular jobs or services.

Such a strategy, however, was still being criticised yesterday by some delegates for failing to tackle the problem at a national level.

On Wednesday the conference called off a ten-week-old national overtime ban which had been NALGO's first-ever national industrial action.

The conference rejected a call for a national federation of public sector unions to be set up, but the union's leadership was instructed to examine the case for mergers with other public sector unions and report back to next year's conference.

Earlier, delegates decided to adopt a "wait and see" approach to industrial democracy in local government. A discussion document from the union's national executive council was sent back to branches for further debate.

In Blackpool yesterday, leaders of the biggest trade union in the National Health Service warded off militant demands for hospital strikes to protest at the spending cuts in the service.

But they warned that they would continue to campaign with other unions with local action, and that if there was any further pruning, they would implement a national action plan they had prepared.

The policy was decided at the conference of the 200,000-strong Confederation of Health Service Employees.

A motion urging a progressive withdrawal of labour, branch by branch, and region by region, at the earliest possible time, was heavily defeated on the advice of the executive.

Mr. Albert Spanswick, the general secretary, indicated that while the union was angry and frustrated at the cuts, and would continue to oppose them, the time was not ripe for a major battle with the Government.

Pay challenge to CBI chief

AN MP yesterday challenged Lord Watkinson, president of the Confederation of British Industry, over his warning on Wednesday that inflation would be fuelled and industrial investment threatened if earnings were allowed to increase by more than 8 per cent. in a third phase of pay-restraint.

Mr. William Molloy, Labour member for North Ealing, said: "I challenge his lordship to make a further statement that an equally complementary factor is holding down prices.

"He will only create bitterness and worsen the situation by asking for wage restraint without coupling it with price restraint."

Union man on theft charge

MR. GORDON NORRIS, a leading Left-wing member of the executive council of the National Union of Seamen, has been charged to appear before Felixstowe magistrates on July 4 on two cases of theft.

This follows the seizure of his car by Customs officers at Ipswich on April 27, shortly after he had left the roll-on roll-off ferry Europic Ferry at Felixstowe.

Strike over

MORE THAN 3,000 workers at the Edge Lane, Liverpool, factory of the Plessey Telecommunications group returned to work yesterday after a three week strike by 2,000 workers.

Facts for unions by law soon

BY OUR LABOUR CORRESPONDENT

COMPULSION BY law on employers to disclose information to recognised trade unions will take effect on August 22, Mr. Albert Booth, Employment Secretary, announced in Parliament yesterday.

The announcement leaves only one part of the 1975 Employment Protection Act to be implemented, that covering workers' rights to time off for trade union duties.

From the end of August employers will be required, if asked, to give unions information without which they would be "materially impeded" in collective bargaining, and information which it would be "good industrial relations practice" to disclose.

Information must not be given if it is against the interests of national security, illegal to disclose, or would cause "substantial injury to the employer's undertaking for reasons other than its effect on collective bargaining." There are other additions to this list.

The statutory generalities of the Act are supplemented by a more detailed code of practice, drawn up by the Advisory Conciliation and Arbitration Service, and recently approved by Parliament.

This has no legal force but is relevant to appeals by unions to the Central Arbitration Committee that employers have not met the Act's requirements. The committee may make a pay and conditions award if an employer fails to obey its enjoinder to disclose information.

The disclosure-of-information provisions are of importance to the debate on industrial democracy. The TUC is asking Ministers to examine how far this and the "further recognition" provision of the Act will help the extension of collective bargaining into non-pay areas.

CRICKET

BY TREVOR BAILEY

Woolmer, Randall pull England side together

HAVING HAD the good fortune to win the toss on what looked to b the best wicket—from a batsman's point of view—that Lord's has produced for some time, Mike Brearley elected to bat on the opening day of the first Test.

He, together with Amiss, came out to face the considerable speed of Thomson and Pascoe. They progressed steadily on a pitch without undue venom, though the bounce was not always certain, and it came as something of a surprise when Thomson dismissed both with successive balls in different overs.

JUBILEE TEST
At close of play on the first day England were all out for 216.

Amiss played a yorker into his stumps and Brearley was caught at short leg from a delivery which lifted sharply. In a matter of moments England were 13 for two and struggling.

Although Randall and Woolmer had moments of uncertainty against Thomson and Walker, they gradually settled down, helped by the former being rested after only six overs. Twice the Nottinghamshire player almost lost his wicket attempting to hook Pascoe, who had replaced Thomson, but then he began to bat with freedom and assurance. Woolmer was more restrained.

The eventual return of Thomson made no difference, while O'Keefe, who came on at one o'clock, was hitting the middle of the bat. The two English players took the score past 50 and were still together at lunch with 63 on the board. Randall was 33 not out and his many pleasing strokes included several on-drives and two square hooks to the boundary along the ground.

The partnership had not only rescued England from a nasty position but given promise of exploiting the advantage of batting first.

After the interval they continued to push the score along, despite Walker causing some difficulty. The 100 was brought up with a splendid four by Randall which also gave him his half century.

A most encouraging stand by two players who have not yet established themselves at Test level eventually ended at 111, when Randall (on 53) slashed once too often and was caught off Walker, who deserved this reward for an excellent spell without much luck.

Greig took his place to a mixed reception from the large crowd. The first ball he received was caught in the slips, but it was a no-ball. The next he punched through the covers to the boundary.

The former England captain did not, however, last long. He was clean bowled by Pascoe, who had previously scored a direct hit with a bouncer and was bowling with great pace and heart into a stiff breeze.

Barlow, rather out of touch this summer, was caught in the slips playing at a ball which left him a little, and at 134 for five England were again in danger.

This time it was the two Kent players, Woolmer and Knott, who stood firm until tea, when the total had reached 155. Woolmer, although he played and missed rather too often for comfort just outside the off stump, produced the soundest innings. He always appeared to have plenty of time, and reached a well deserved 50.

At the interval he was undefeated for 65, his most impressive Test innings for a considerable time.

Jeff Thomson turns on his power. His fast bowling knocked out England's openers for only 13 runs.

Americans dominate high-class wine sale

BY EDMUND PENNING-ROWSELL

THE FINEST and rarest wine sale at Christies yesterday lived up to its title and resulted in what might fairly be called an all-American contest.

A dozen or so transatlantic buyers dominated a sale particularly remarkable for claret rarities that to-day can only be found in any quantity in the London auction rooms.

This factor and continuing advantages in dollar owners of paying in sterling combined to produce prices exceptional even for a market that has been rising for some time, and which in some cases did not reflect the likely quality of the bottle's contents.

The top price paid was £2,800 for a Jeroboam (equals six bottles) of Mouton-Rothschild's '29, more than three times the previous London auction record, though less than the $9,600 paid at a Christie sale in Houston, Texas, in November 1972.

Among the ancient bottles, £250 was paid yesterday for a half-bottle of Cape Wine 1801, £520 for a single bottle of Lafite 1869, £150 for one of Lafite 1870 and £110 for another of Beychevelle of the same year. A single bottle of Mouton-Rothschild 1874 made £155, and a bottle of Yquem 1893 brought £135.

Coming to more recent vintages, two bottles of the famous Cheval-Blanc '21 went for £290 and a single one of Yquem '21 for £150, while separate dozens of Mouton-Rothschild '28 and '29 fetched £740 and £860 respectively; and a case of Latour '29 sold for £720.

A single bottle of Yquem '29 fetched £130. The first-growth '45's were much in demand; Lafite (£800 a dozen), Latour (£780), Mouton-Rothschild (£720) and Haut-Brion (£620).

The sought-after Cheval-Blanc '47 fetched £680 a dozen and Lafite '47 the same figure. Among the '53s, Mouton-Rothschild made £400 and Lafite £370. Then after Lafite '59 at £520 a case, the '61s included Cheval-Blanc and Chateau/Margaux each at £420 a dozen and Palmer at £310.

Some notable large bottles of first-growths attracted particular competition. A double-magnum of Mouton-Rothschild '49 went for £520, a similar-sized bottle of Latour '59 made £500, while an Imperial (equals 8 bottles) of Lafite '61 was knocked down for £740.

The sale, which included old bottles and cork screws, made a total of £77,698.

Plea to save monuments

STRONGER LEGISLATION was "urgently required" to protect ancient monuments in Scotland, it was claimed yesterday.

The Ancient Monuments Board for Scotland said in its annual report that an amending Ancient Monuments Bill is now urgently required. The Board also calls for Traprain Law, an historic hill fort in East Lothian threatened by quarrying, to be protected by a preservation notice.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPONENTS

Vehicle heat exchangers

THE MICRO foil copper heat exchanger developed by Delanair (a Lindustries Group company) is now in volume production, and output is expected to achieve 600,000 units by the end of the year.

It is being used in heaters for all Ford Escort and Volvo 343 models, and later in the year is scheduled for Chrysler and other Ford vehicles. It is to be adopted for all the company's heating systems at present supplied to Ford, Chrysler and British Leyland.

Micro copper foil corrugations are said to give increased heat transfer performance compared with conventional copper or aluminium finned exchangers of similar size, together with a reduction in material content, weight and related costs.

Flat tubes in contact with copper corrugations provide the heat exchange surface. The corrugations are made from copper foil only 0.001 inch (25 microns) thick compared with conventional copper corrugations which are about 0.003 inch (75 microns) thick.

The corrugations are produced on a Swedish machine which slits the foil, corrugates it, and solders the peaks of two sets of corrugations on either side of a 40 micron thick carrier foil.

Produced at 45 metres/minute, the material is automatically cut to length. Soldering the corrugation peaks to a carrier is stated to give an even pitch of corrugations, ensuring consistent thermal performance and high mechanical strength in the completed exchangers. The number of corrugations per 100 mm can be varied from 120 to 152 with a corresponding increase in performance.

Delanair says that the overall size of the matrix can be increased to full engine cooling radiator dimensions, using the same construction principles, with minimum tooling investment. Plastic or brass end tanks can be used, depending upon quantities and performance considerations. Final assembly operations are semi-automatic.

More from the maker at Abbey Road, Barking, Essex IG11 SAU. (01-594 4292.)

● TEXTILES

Wool on the wall

FABRICS FOR wall coverings have been popular for a long time, going back to the arras and tapestry of mediaeval days. In recent years hessian became fashionable, and one of the latest finishes for walls is wool.

Barra wallcovering is made from wool laminated to a heavy paper backing. Produced in 13 colours, it will be available from the beginning of July, and is 500 mm wide. Another wallcovering using this material is wool tweed which is produced 1000 mm wide.

Both these wallcoverings are marketed by Ernest Turner (NH), 72, Brewery Road, Kings Cross, London (01-609 4209), and will be displayed on the company's stand at the Decor International Exhibition, Olympia, June 26-30.

● SHIPBUILDING

Automation aids design

WORK HAS begun at the British Ship Research Association on a ship automation development project which will go a long way towards meeting the design requirements of the merchant ships of the 1980s, or so a BSRA project team working with the industry expects.

First phase of this project is a design study for a highly automated petroleum products tanker. It will take two years to complete and then the team will move into an implementation phase which will seek to prove the resulting designs on ships in service.

Work in progress is covering an analysis of shipboard operational procedures and a technical study of automation equipment and facilities. Bridge / deck, cargo and machinery areas are being examined.

Since the project is intended primarily to benefit the shipbuilding industry in this country it is being financed jointly by the industry and the Ship and Marine Technology Requirements Board of DoI.

BSRA is a well qualified judge of automation technologies since it is the repository of the SSDS automated design centre where a DEC computer is used to provide display data manipulation while the linked large ICL machine holds the database and provides number-crunching where required.

Enough detail is in store already to allow the equipment to produce numerical control tape corresponding to plates in various sections of a ship design and a variety of ship designs have been thoroughly studied for maximum economy in plan production through nesting programmes and other devices.

Study has also been devoted to avoiding as much as possible the need to make complex curved sections at any point of the hull so that cutting and bending programmes in the yards can be kept simple.

It is intended that users throughout the industry should gain access to the centre over post office lines by means of interactive displays, now that the initial development period is nearing completion.

BSRA is continuing to support and expand many activities which have no direct bearing on shipbuilding but are of major importance to ship users. It has a trouble-shooting team which frequently is required to fly out to points as distant as Japan to help operators find the causes of such things as severe vibration and can determine its sources and also offer practical solutions to neutralise them. The noise group within BSRA has some of the most comprehensive analysis equipment for heavy-duty use available in Europe.

One special area of investigation in this section of the BSRA work is damaging vibrations set up in stern plates of many modern vessels through the effects of cavitation, which can be so violent that plate fracture or severe surface damage can occur. Advice in this area can span remedies from propellor design changes or alterations to the stern profile, by additions called "eyebrows."

Even when the impacts are below the damage level, they can nevertheless set up resonances throughout the ship structure so severe that they make living conditions for the crew intolerable within the terms of the Factories Act. Remedies can be suggested to meet the latter.

BSRA supports a large instrumentation department to aid its work on metrology and other problems encountered in the assembly of very large vessels and their control. It has designed the equipment to be used in Loch Ness to test the efficiency of wave-power equipment which is being assessed by the Department of Energy.

The same department has designed a yaw-rate gyroscope which could aid in the accurate control of big ships. It gives precise measurement of the rate of turn in degrees per second at certain rudder settings.

This is far simpler than the alternative which is to set the rudder and then measure the rate of turn of the ship by timing the swing of the compass card.

More from BSRA, Wallsend Research Station, Tyne and Wear NE28 6UY. 0632 625242.

● DATA PROCESSING

Reading the small print

TO HELP data processing managers and legal departments of organisations ordering computing equipment and associated support services the latest addition to The National Computing Centre's Computerguide series of publications, "Computer Installation Contracts" pays specific attention to the small print.

When buying or leasing a new computer—or enhancing an existing system—users could find that the contract gives rise to problems which could have been avoided if the conditions had been stated in unambiguous terms from the outset and the implications fully understood. The requirements and possible problems of contract negotiation should be identified, closely examined and specified well before installation. This way both supplier and user are clear as to their respective rights and responsibilities.

The purpose of a contract is to ensure that the specification is drawn up in contractual form, to avoid ambiguity and, where necessary, to enforce the agreed specification and the penalty.

To reflect this complementary situation, the publication covers the subject in two sections—the technical details on hardware purchase, software and support and the legal (contractual) aspects such as warranties, damages and confidentiality. Appendices give summarised information on the relevant legislation.

Produced with the co-operation of a working party of NCC members, this book provides guidelines and a checklist on matters to be considered. As even minor failures can have far-reaching effects in user organisations, the book draws attention to particular problem areas to ensure that these are not overlooked.

Computerguide 12 at £2: J. M. Dent and Sons, Dunhams Lane, Letchworth, Hants.

NCR talks to Swift

NCR HAS announced communications adaptors that will enable its equipment to be used with Swift (Society for Worldwide Interbank Financial Telecommunications), the international financial payments network.

The Swift network now includes over 480 banks in more than 15 countries. It is designed for the electronic transmission of payments and related messages among member banks. Under development since the late 1960s, Swift is expected to become one of the world's largest and most sophisticated private data communications systems.

The adaptors announced by NCR include special circuit boards and software which permits existing NCR equipment to accept messages and transmit payments and related messages on the Swift network.

The first bank to take advantage of the adaptors is the Caisse Generale d'Epargne et de Retraite of Brussels. The bank will use an NCR 499 accounting computer as a terminal for sending and receiving data within the network.

Initial orders for Swift compatible equipment are expected to be generated primarily in Europe and the U.S. Another major network is expected to develop with the extension of the Swift network to Japan in early 1978.

NCR on 206, Marylebone Road, London NW1 6LY, 01-723 7070.

● TELEVISION

Cable TV to give many programmes

REDIFFUSION has installed a "Dial-a-Programme" TV system in the Dutch city of Arnhem. This is the first local wide-band switched network to be installed on an operational basis for public use anywhere in the world.

A joint development between Rediffusion and Deltakabel of the Hague it is being set up with the agreement of the Dutch PTT. Initially, the first phase will serve 400 households in Arnhem.

Constructed on the same principle as a telephone network the system will operate through two exchanges through which subscribers will be able to select by remotely controlled switches any of the programmes on the main trunk line. The channel capacity of this trunkline will be 24 channels, with a potential of 72 channels.

When the service starts later this year there will be five TV channels—two Dutch and three German—and six FM radio stations—three Dutch and three German. As soon as copyright problems have been settled other television channels will be devoted to French and British programmes.

It is intended that, in the future, spare channel capacity should be used for special closed circuit audiences and two-way traffic.

Following the success of the fibre optic field trial in the trunk line of the Rediffusion cable network in Hastings one or two fibre optic subscriber connections will be incorporated in the Arnhem project. This is believed to be the first occasion on which fibre optic connections will have been taken into people's homes.

More from Rediffusion on POB 451, Carlton House, Lower Regent Street, London SW1Y 4LS. 01-930 0221.

● STOCK CONTROL

All the figures to hand

BACKED BY the resources of Unilever, that international group's bureau organisation in the U.K.—Unilever Computer Services is launching a hand-held device which has as much processing and memory power as the fully-fledged computers of 12 years ago, but is aimed specifically at solving the information capture and presentation problems of the store, the meter reader and the small shopkeeper.

To provide all the sales drive and support needed to launch this product world-wide, a separate company has been set up under the name UCSL Micronics, the latter part of the name in recognition of the fact that the terminal device is the brain-child of the Swedish research and development house Micronic AB.

Micronic 445 looks like a calculator, except that the keypads fit the largest hands. There are 20 keys, including a row of numerics for dedicated operations, and a large display.

But, even in its standard form, this tiny unit has 8,000 characters of memory which can be expanded to more than 60,000 characters. The program memory is 1,000 characters standard, expandable to 4,000 characters.

Controlled by a microcomputer designed by RCA, the unit can transmit and receive data over a telephone line from any central computer and information can be entered in three ways—through the keyboard, with a light pen or through an OCR wand. Transmission speed is controllable by the user between 10 and 300 characters/second. Output of data is through a display in the unit or on a tally roll driven by it.

At all times, depending on the application for which it is specifically set up, the unit will check that the information being entered is going into the right register and/or is not interfering with any other operation for which the terminal is intended.

Applications already considered for the equipment are, for instance, where sales representatives move from customer to customer and need to transmit orders direct to headquarters from a distant point over an acoustic coupler. Details of previous orders can be stored in the unit so that, at a touch of a button, the salesman can remind the customer of his previous order. The display can also be used as a kind of catalogue of what goods are available.

The store manager can use the machine as an aide-memoire to get from headquarters the daily or weekly lists of items in short supply, as well as providing a host of information about his own operation.

Warehousemen can use the unit for inventory control and order picking lists.

UCSL staff do not suggest the 445 is a complete replacement for point of sale equipment, but it is clear that for many small organisations that would not contemplate the expense and complexity of POS solutions, this could be the ideal approach to automation.

Already the equipment is being given a major fillip because of the uses to which it will be put in the Unilever organisations in the U.K. and Europe. Offtake for these purposes alone is put at some 5,000 sets of equipment (at around £900 each) over the next several years. The total European market is of the order of 80,000 plus over the same period. What the U.S. market is likely to yield—and a potential competitor has decided to come in with the U.K. company—is anyone's guess.

Complex though the unit can be made, it is nevertheless extremely simple to service while highly reliable and in a recent extended test involving a large number of the units over a long period, only two faults—both traced to the keyboard—were detected.

The Anglo/Swedish development spells sharp competition for MSI which is in the midst of a strong marketing campaign in Britain to interest the smaller stores in its U.S.-manufactured unit which is somewhat less expensive but also less powerful than the 445. It will also be a fillip to the Plessey organisation which has been marketing portable recording equipment for inventory and library applications.

UCSL Micronics, 1 Grimsdells Corner, Sycamore Road, Amersham, Bucks. 02403 22336.

● MACHINE TOOLS

Yamazaki's new lathe

FROM JAPAN comes an NC lathe that has been specifically designed for the production of medium to large batches.

Built by Yamazaki, it incorporates a rigid eight-station vertical turret, which carries all internal and external tools. At each tool station, there are three tool-location positions. When setting-up, the position is selected that produces minimum overhang.

This rigidity of tool holding allows full advantage to be taken of the high spindle horsepower—the 12 inches diameter hydraulic chuck is driven by a 20 hp dc motor.

Called the Dynaturn DL (the first of a new family of machines), it is supplied with a hydraulic tailstock and a complete set of standard tooling. Swing over base is 20 inches, maximum turning diameter is 12 inches, and maximum turning length is 20 inches.

Spindle speed ranges from 14 to 2200 rpm, and the system provides direct speed command or constant surface speed giving easy programming and fine surface finish.

When chucking work is being carried out, a drill can be used from the tailstock spindle, allowing simultaneous drilling and turning under tape control.

A Fanuc 2000C microprocessor numerical control system is fitted which offers tape editing and optimisation combined with part program storage. It also provides tool nose radius compensation, which reduces programming effort. Plug-in logic boards give a range of pre-programmed standard operations such as threading, taper turning and facing, which can be incorporated in the control tape as required.

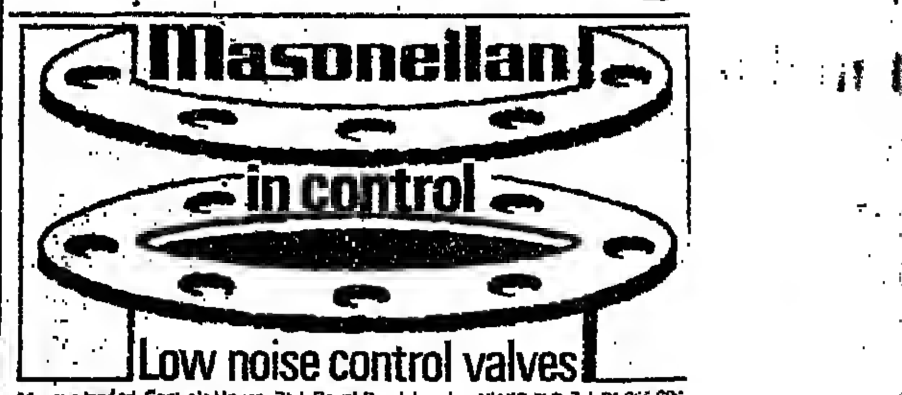
Once a control tape has been optimised with the editing facility, a tape punch can be connected to produce a permanent final version.

Marketing in the U.K. is by Elgar Machine Tool Co., Be... House, Victoria Road, London NW10 6NY (01-965 8911).

Increases tool life

LATEST OF the metal cutting lubricants to be marketed by Rocol of Swillington, Leeds, is claimed to contribute significantly to longer tool life despite the fact that it enables heavier cuts to be made.

Described as a mineral soluble oil it is diluted in the proportion of 1 to 15 parts of water for most operations and is intended for use as a flood-applied lubricant. It is being marketed under the trade name Ultracut-P.



● FARMING

Latest Ford tractors

FORD has introduced four-wheel drive versions of its 8700 and 9700 tractors.

Production of the two new tractors in Antwerp has begun and they will make their first public appearance in the U.K. at the Royal Highland Show which opens in Edinburgh on June 21.

The 8700 has a 128 bhp six-cylinder diesel engine, a two-speed power take-off, hydrostatic steering and a flat-deck cab with tinted glass and radio.

Specifications for the 9700 are similar but it has a six-cylinder turbocharged diesel engine offering 153 bhp.

● WELDING

Automatons move in

TENTATIVE but now convinced is one way of describing Ford Cologne's approach to the use of robot welders, which is still a long way behind the large-scale acceptance of these machines for spot and now heavy duty welding jobs by its competitors Fiat and Volvo.

Ford is involved in a robot operation on the rear axle structures for the Granada, in which two Unimate 2000A machines pick up parts to be welded from a belt, take them to a spot welder and turn and place them into the precise locations required for the various welding spots which are in 30 positions. After the last of these has been made, the completed part is returned to the belt.

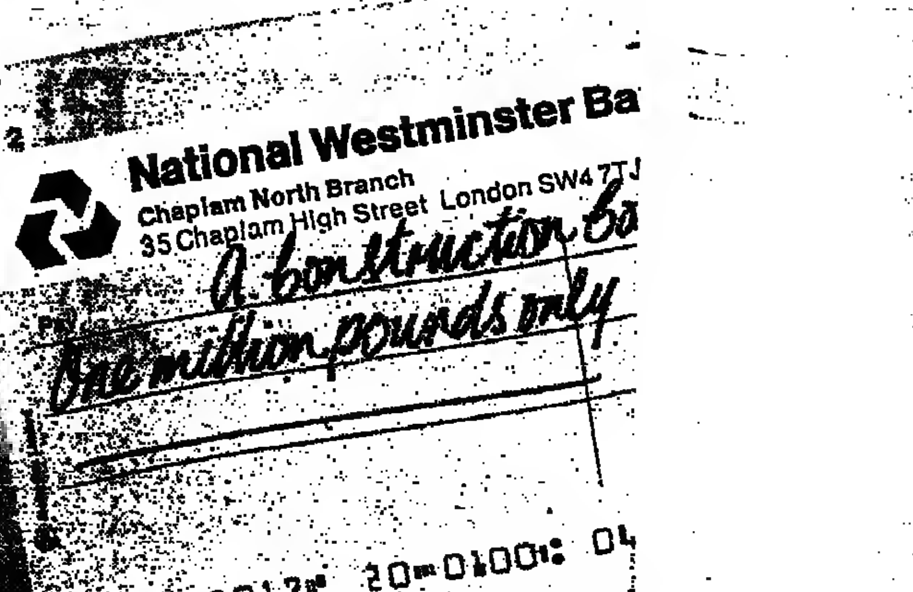
Manually, the operation demands the use of stencils that an operator places under the welding machine together with the part to be welded. This method does make it easy to detect whether or not a spot has been missed. And while robots can suffer a malfunction, they cannot miss a weld since they are programmed to stop if any fault develops. Welding line operators are relieved of tending the spot welding machines and now supervise the efficient working of the two robots.

These are intended to be mobile and be moved about as production requirements alter or models change. Reprogramming for a new job is simple and rejects are virtually a thing of the past.

The company does its own servicing, taking spares from the Unimation centre at Heusenstamm, West Germany.

At the moment, the robot system is running under a program which specifies production runs of 1,600 units in two shifts per day.

Unimation, European Sales and Service Division, Unit A3/A4, Stafford Park 4, Telford TF3 3AX. 0952 618931.



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PARLIAMENT and POLITICS

Next year will be better—PM

BY IVOR OWEN, PARLIAMENTARY STAFF

WITH A degree of optimism which obviously surprised many MPs, the Prime Minister told the Commons yesterday that he has "considerable confidence" that an understanding will be reached about the level of pay settlements after Phase Two of the incomes policy ends in July.

At the same time, he stressed that he holds to the view which he expressed at the TSSA conference that he does not want to see a "fig leaf" in disguise for pay policy.

Mr. Callaghan again insisted that the rate of inflation will start to fall in the second half of this year, and contended that a further agreement on wages would not only assist this process but open the way for a start to be made next year in raising living standards in Britain in real terms.

Scepticism on the Opposition benches was voiced by Mr. Michael Latham (C, Melton) who argued that it would be worse than useless to have a Phase Three which was so farcically wide that its only effect would be to prop up "this decayed administration for another couple of months."

This led Mr. Callaghan to reaffirm his unwillingness to settle for a "fig leaf" and also to recall that he had told the same conference that there was no point in productivity agreements that were just cosmetic and merely disguised the true rate of pay increases.

"I am quite certain that another understanding with the trade union movement about increases in salaries and wages next year will be of great value not only to the Government in dealing with the public service, but in order to get inflation down even further than it is going to go down in the second half of this year."

Good sense

Reply to Mr. Walter Johnson (Lab. Derby S), who presided at the TSSA conference, the Prime Minister said there was a great deal of confidence that the trade union movement recognised the seriousness of the situation in relation to the movement of wages and salaries. "That is why I have considerable confidence that an understanding will be reached about next year."

The Government was relying on the good sense of the trade union movement. "I believe it will come through," he declared.

Strong backing for the speech made by Mr. Roy Hattersley, Prices Secretary, on Wednesday, in which he indicated support for a freeze on public sector prices and a change in exchange rate policy to allow the pound to float higher was given by Mr. Norman Atkinson (Lab. Tottenham), who is Labour Party treasurer.

He emphasised the importance of restraining gas, electricity and transport costs which played such a key part in the price index and maintained that the pound was now "grotesquely undervalued."

Mr. Callaghan reminded Mr. Atkinson that the Government had only just overtaken the "irresponsibility" of the Heath administration which had subsidised the prices of nationalised industries so heavily that they had been unable to secure an adequate return on capital.

"Now that we have done that, I see no reason why increases in prices in nationalised industries should exceed what is necessary to give a proper return on capital and new investment."

Real terms

Mr. Robert McCrindle (C, Brentwood and Ongar) pointed out that the CBI still maintained that anything above a 6 per cent. level in the next phase of wages policy would be inflationary, while the TUC was out to restore living standards. He asked for a realistic assessment of the likelihood of obtaining an agreement in these circumstances.

The Prime Minister answered that discussions were still going on and he could not yet say what would emerge from them. But he saw no reason why living standards should fall this year. What was in question was what, if any, improvement could be achieved. Last year, living standards fell, and this year they should be pretty well stable.

Next year, if another agreement were obtained, he believed that they would start to go up in real terms.

Mr. Callaghan told Mr. William Molloy (Lab., Ealing N.), who called for more rigid price control, that Lord Watkinson, the CBI chairman, had accepted that there was great responsibility on his members to show restraint in price increase.

The central purpose of the Government was to get down the rate of inflation. He saw no reason to depart from previous statements that it would start to go down in the second half of this year.

Nuclear test ban talks

BRITAIN, the U.S. and the Soviet Union are to hold talks on a comprehensive nuclear test ban treaty, the *Prime Minister* told the Commons yesterday.

Mr. Callaghan said that the date and place for the talks would be announced shortly. It was hoped they would begin next *month*.

Mrs. Margaret Thatcher, Opposition leader, supported the talks but urged Mr. Callaghan to ensure that the security of Nato was increased, not decreased.

Mr. Callaghan replied that Nato allies were aware Britain was entering the talks. If a comprehensive test ban treaty could be secured, and later France and China were to join, this would be of very great benefit.

Mrs. Margaret Bain (SNP, Dunbartonshire E) said that one of the priorities was the removal of Polaris and Poseidon from the Clyde.

Mr. Callaghan said that other major cities and towns throughout Europe and much of the Soviet Union were priority targets in this sense.

He did not accept the view that one could unilaterally increase the safety of Scotland apart from the rest of Europe.

Thatcher attacks free vote decision

BY IVOR OWEN,

DIVISIONS IN the Cabinet over the Bill on direct elections to the European Parliament and the decision to allow Ministers to have a free vote on the issue brought the Prime Minister under attack from Tory MPs in the Commons yesterday.

"You are making a farce of Cabinet Government," Mrs. Margaret Thatcher, Opposition leader, accused.

Backed by a roar of Tory approval, she indignantly told Mr. Callaghan: "If you have lost control of your Cabinet, you have likewise lost all authority to govern."

The Prime Minister, whose manner suggested he had expected a more fiery outburst, replied *in mild tones: "Of course* you are expected to say that."

Mrs. Thatcher attacked Mr. Callaghan with his own words by recalling that when he first became Prime Minister, he had pledged himself to sustain the doctrine of collective responsibility. At that time, she said, he had explained that this meant that all Ministers must be prepared to defend Government policies at all times.

"Do you still stand by that?" demanded the Tory leader, amid further Opposition cheers.

Mr. Callaghan blandly replied: "Yes. I certainly think that doctrine should apply, except in cases where I announce *that* it does not."

While Ministers and other Labour MPs broke into peals of laughter, angry Tory MPs called on the Prime Minister to "Resign" and "Go."

Mr. Michael Foot, Leader of the House, announced that the European direct elections Bill will be introduced in the Commons on Thursday or Friday next week.

Scots Liberals to debate pact

By Ray Perman, Scottish Correspondent

THE FIRST opportunity for rank and file *Liberals to have their say* on the pact with the Government following Mr. David Steel's doubts about the chances of renewal, will come tomorrow when the issue is debated by the Scottish Liberal conference at Aviemore.

Delegates were told by Mr. Jeremy Thorpe, former party leader, yesterday, that he thought the future for the pact looked bleak, but Mr. Russell Johnston, the Scottish leader, took a much more optimistic view and argued that there had been some achievements.

Mr. Johnston said that this week's statement by Mr. Michael Foot, Leader of the House, on devolution had been a good one because it rejected the Conservative suggestion of a Select Committee, which was merely a delaying tactic.

The Liberals had thought in March that it might be possible to introduce a new devolution Bill by July, but the process of going through the old Bill clause by clause in discussion with the Government had taken longer than expected, he added.

Difficult decisions ahead on S. Africa—Callaghan

BY JOHN HUNT

THE SITUATION in the Republic of South Africa is now becoming so explosive and frightening that the British Government *may have to take* some very difficult decisions for which it will expect the full backing of the Commons, the Prime Minister warned yesterday.

Reporting back *to the House* on the results of the Commonwealth Prime Ministers' conference, Mr. Callaghan was asked by Mr. Andrew Faulds (Lab., Warley E.) whether he agreed with President Kaunda of Zambia that the resolution of the problems of southern Africa must involve action against South Africa, including the imposition of restraints on the multinational oil companies.

The Prime Minister told him: "As far as South Africa is concerned, the situation and the reality are changing. There is little doubt that the situation in South Africa is becoming much more explosive."

He thought it was now impossible to avoid a continuation of the killings and riots which had taken place in South Africa over the last few years. "What we are talking about is an escalation of the atmosphere to a degree of tension which is becoming frightening in South Africa."

"This country may have to take some very difficult decisions on these matters, and I hope we shall have the support of the House when we do so," he said.

In other exchanges, Mr. Callaghan refused a demand from Mrs. Margaret Thatcher, Opposition leader, that he should condemn terrorist activities against Rhodesia by black nationalist guerillas operating from neighbouring countries. At the same time, he emphasised that the British Government still believed the best way towards a Rhodesian settlement was through peaceful negotiations.

On the question of Namibia, the Prime Minister took a very optimistic line, and said it was his view and that of the Commonwealth Prime Ministers that *there* had been *a considerable* advance towards a settlement.

> **Mr. Callaghan indicated that he is in favour of attempting to stop flights by Ugandan Airlines into Stansted Airport.**
>
> **The flights have been *criticised on the grounds that* President Amin uses them to import much-needed luxuries into Uganda in order to keep the Army chiefs happy and prop up his regime.**
>
> **Mr. Callaghan declared: "If we could legally cut off these flights, I would certainly think it is our responsibility to do so."**

Mr. Callaghan said that the conference had reiterated the view that if the minority regime in Rhodesia failed to negotiate constructively, then the fighting and the bloodshed would go on.

"Some Commonwealth leaders put their faith primarily in the armed struggle to bring about majority rule in southern Africa. We shall continue to try to find another way," he said.

Mrs. Thatcher immediately protested that this was a different position to that which Mr. Callaghan had adopted at his Press conference the previous day.

He had then been quoted as saying: "Some countries believe that it is only through an armed struggle that a solution will come. Others believe the best path is through negotiation. There is now an understanding that both paths should be followed."

Mrs. Thatcher demanded that the Prime Minister should now totally reject terrorism as a means of furthering political objectives. She maintained that it was inconsistent to have a statement from the conference which simultaneously supported human rights and terrorism.

But Mr. Callaghan told her that the armed struggle would continue, whatever moral judgments were made about it. This made the achievement of a negotiated settlement even more important.

"I cannot bring myself to condemn other countries like Zambia, Tanzania and Mozambique on the borders of Rhodesia, who feel very threatened, as they do, by some of the events that are taking place. What I do say is that the most constructive thing we can do is to try and get a negotiated settlement."

Turning to the matter of Namibia, Mr. Callaghan said he was not without hope that that territory could be saved from the worst excesses that could occur.

He thought that the South African Government now seemed to have abandoned the Turnhalle proposals for the setting up of an ethnic council for Namibia. Instead, he said, South Africa seemed to be moving towards a situation in which the United Nations would be more closely involved.

"I think there is a real prospect here. When I first met Mr. Vorster two years ago, I would not have thought it possible," he declared.

Parties fail to agree on electoral law talks

FINANCIAL TIMES REPORTER

POLITICAL PARTIES at Westminster have been unable to reach agreement about the possibility of a Speaker's Conference on electoral law, Mr. Merlyn Rees, Home Secretary, told the Commons yesterday.

Mr. Rees said that the Prime Minister "has consulted other *party leaders about the possibi*lity of a Speaker's Conference to consider a wide range of matters, including those left over from the 1973-74 conference, but agreement has not proved possible."

However, the Prime Minister was discussing with other party leaders the question of Northern Ireland's representation at West*minster*.

It was not the intention of the Government to interfere at present with the number of MPs for Scotland and Wales, he added.

Mr. John MacGregor (C, Nor*folk S*) said it would be quite wrong and illogical for any conference only to consider Northern Ireland and not representation arising out of devolution for Scotland and Wales.

EEC debates trial proposed

BY REGINALD DALE, EUROPEAN EDITOR

A *COMMONS* committee yesterday called for a trial period in which the House would devote one full day a month to examining EEC legislation.

Existing arrangements, under which EEC documents are usually debated late at night under a 1½ hour time limit, were often inadequate, claimed the Select Committee on European Legislation.

In a special report on the past 12 months, the committee said that 31 debates on the floor of the House between April 1976 and May this year meant that an EEC debate had been held on average once a week while the House was sitting.

But *it* pointed out that the improvement had been most marked in recent months when time required for domestic legislation has been less than in any session since the House started debating *EEC matters*.

The committee said it was convinced that there would continue to be a vital need for national Parliamentary procedures in the control of EEC legislation, notwithstanding the holding of direct elections to the European Parliament.

It asked the Government to give early attention to the formalising of arrangements for keeping the House informed about the outcome of EEC Council meetings. Dissatisfaction had been expressed over the current lack of an agreed procedure, the report added.

But the committee welcomed the Government's decision to furnish texts explaining the current state of proposals when original EEC documents were seriously out-dated.

* *First Special Report from the Select Committee on European Legislation, Session 1976-77. Commons Paper 400, 43-iv. SO 60p.*

Next week's business

COMMONS debates next week are:

MONDAY—Debate on housing in England and Wales; New Towns Bill, remaining stages.

TUESDAY: Price Commission Bill.

WEDNESDAY: *Price Commission* Bill, remaining stages; proceedings on Restrictive Trade Practices Bill.

THURSDAY: Debate on fisheries policy; motion on EEC documents on monetary compensation amounts.

FRIDAY: Coal Industry Bill, remaining stages; motion on EEC document on illegal immigration and employment.

Lords business is:

MONDAY: Sale of Manors Bill, Report; Construction of Roads (Time Limit) Bill, report; Rent Charges Bill, second reading; Unfair Contract Terms Bill, committee.

TUESDAY: Redundancies Rebates Bill, committee; Detonators Bill, committee; Town and Country Planning (Amendment) Bill, committee; Mini-Bus Bill, second reading; Import of Live Fish (Scotland) Bill, report; Sexual Offences (Scotland) Bill, report.

WEDNESDAY: Debate on the needs and treatment of disruptive children and young persons.

THURSDAY: Import of Live Fish (Scotland) Bill, third reading. National Land Fund Bill, second reading; Education (Northern Ireland) Bill, second reading. Deer Bill, report, debate on defence cuts.

Obscenity study head appointed

MR. BERNARD WILLIAMS, Knightsbridge Professor of Philosophy at Cambridge, is to head a committee of inquiry set up by the Government into obscenity and film censorship.

The appointment was announced in the Commons yesterday by Mr. Merlyn Rees, Home Secretary, who plans to name the other members of the committee later.

MAN IN THE NEWS

Walden takes his talent to TV

BY RUPERT CORNWELL, LOBBY STAFF

IN BRITISH politics, cleverness is always *best concealed* under a mantel of modesty. But through his 13 years in the House of Commons, Brian Walden was never able to do that, the reason which, perhaps more than any other, explains his departure from Parliament to take up one of the most glamorous jobs in British TV journalism.

There, one may be certain, his qualities will be better appreciated and *it is* there, many of his political friends as well as enemies would say, that he should have been in the first place.

London Weekend yesterday was understandably rapturous in public about the man who will succeed Peter Jay as presenter of the Weekend World programme: "A profound intellectual grasp of political, economic and foreign affairs ... a brilliant communicator ... unusually able at expressing complicated ideas with clarity," burbled Mr. John Birt, controller of features and current affairs at LWT, yesterday, extolling the virtues of his catch.

All this is true, as anyone will know who has heard one of Walden's increasingly rare speeches in the Commons, or one of his increasingly frequent TV appearances. Parliament is already too short of good backbench speakers not to notice the loss, although many MPs will not regret his passing.

But the occasion is tinged with some sadness—both over a case of personal promise unfulfilled and as proof of Labour's inability to use all the talents at its disposal. Walden is of the political generation of David Owen, David Marquand and John Mackintosh. All were right-wing stars of the mid-1960s intake of young Labour MPs. Yet only Owen has reached the top; Marquand has followed his mentor, Roy Jenkins, to Brussels, while Mackintosh remains an MP but plans to give more of his time to academics.

He and Walden, in fact, are close, and both signalled their disenchantment with Labour's Leftward *policy during* last autumn by abstaining defiantly on the Dock Work Regulation Bill, to send that unloved measure to spectacular defeat.

Yesterday, Walden was diplomacy itself when questioned on the state of the party. He was leaving politics, he said, for positive and not negative reasons ("Communication is the most exciting thing in life")—and indeed the initial approach came from LWT, and not the other way round.

Without doubt, though, he has been increasingly irritated by the rigid rules of adversary politics which force individual MPs to support legislation of which they disapprove. With the Dock Work Bill, his patience snapped.

But Walden has also been his own enemy. If intellectual ability alone counted, he would be at least a rising junior Minister, if not in the Cabinet. Friends recall how he would destroy visiting heavyweights from Westminster in his Oxford Union days. Yet, at 44, he leaves politics damned by that label of "too clever by half."

Coupled with that is a certain aloofness from the main stream, not calculated to endear him to Smoking Room regulars, and the suspicion that he has a most unsocialist fondness for money. As proof, critics point to his busy activity as a Parliamentary con-

Mr. Brian Walden

sultant for the catering Trades Association and in particular for the National Association of Bookmakers. "The bookies' runner" he has unkindly been called.

And there are many who claim that he could not afford to give up this income to take up the job of Tony Benn's Number Two at the Industry Ministry, offered him by Harold Wilson in 1974.

So how much is he getting at LWT for those 36 programmes a year? Jay was on a rumoured £700 a programme, but Walden isn't revealing his fee when he goes on the air on September 18.

To the Government, his last legacy is a tricky by-election in the Birmingham Ladywood constituency. His majority is over 9,000 but on an Ashfield-sized swing, it could go.

Walden said yesterday the seat was almost invulnerable at a by-election and utterly impregnable at a General Election. But he added archly, "I'm not a betting man."

Written Answers

TREASURY

Mr. John Wakeham (Con. Maldon). What would be the appreciated value at April 5, 1965 of an investment of £1,000 made on April 5, 1955 in order to retain the same purchasing power?

Mr. Denzil Davies, Minister of State. In April 1965 the sum of £1,325 had internal purchasing power approximately equivalent to that of £1,000 in 1955.

ENERGY

Mr. Peter Rost (Con., Derbyshire S.E.). When does the Secretary of State expect the National Coal Board to achieve its target of 15 million tons annually of open-cast coal production? How many new sites will be required to reach that target? What proportion of the total will be anthracite? How much will be produced at Coalfield Farm, near Ibstock?

Mr. Alex Eadie, under-Secretary. If it proves possible to authorise the 100 or so new sites that would be required the Board could be producing at the annual rate of 15 million tons in 1980-81, of which something over one million tons would be anthracite. The Coalfield Farm site is programmed to produce about one million tons a year from 1977-78 to 1980-81.

Harder line from Israel

BY JAMES BUXTON recently in Baghdad

IRAQ sees the right wing victory in the Israeli elections as a potential encouragement to its hard-line policy of rejecting moves towards a settlement of the Middle East conflict and as an opportunity to rednce its isolation in the Arab world.

That isolation deepened last autumn. The Riyadh and Cairo summit meetings at that time confirmed the dominance of the moderate Arab states, led by Saudi Arabia, and eodorsed Syria's peace keeping role in Lebanon. Baathist Iraq sees that role as one by which the rival Baathist regime in Damascus seeks to curb the Palestinians. When the momentum towards a Geneva peace conference on the Middle East began to grow, the Baghdad government was left as ona of a small and very disparate group of "rejectionist" states, along with Libya, Algeria, and South Yemen.

Now that the Israeli election bas given victory to a party that has always taken a bard line towards the occupied territories, the Iraqi governmeot can claim that its own strategy, which rejects compromise and envisages the destruction of Israel, if necessary, by war, has been vindicated. It is reported to bave suggested to other Arab governments that negotiation sbould be abandoned aod that the eastern front—of Syria, Iraq, Jordan and the Palestinians against Israel—should be placed on a war footing.

Though neither Syria nor Jordan is likely at this stage to abandon the negotiating process io favour of joining a joint command with Iraq and possibly allowing Iraqi forces to be stationed oo their soil, the Iraqi approach does not lack all credibility. Though smaller than Syria's, the Iraqi armed forces number 158,000 and are well equipped with Soviet arms. They fought a bitter year-long war against the Kurds in the north-east of the country between 1974 and 1975 as well as fighting on the Syrian front in the October 1973 war and bave good combat experience.

Forces

The Syriana are widely blamed witbin Iraq for belping to fnment trouble in an inherently unstable country which is held together by an efficient, authoritarian government. Incidents in the past few months have drawn attention to the sectarian and minority problems at a time delicate for the regime: the President, Ahmed Hassan al Bakr, is a sick man and considerable manoenvring is going on to ensure a smooth succession should the need arise by his right-band man, Saddam Hussein.

The most serious military threat to the regime is in the north east, where thousands of troops are tied down by Kurdish separatist guerillas. Thongh the war ended in March 1975 when the Shah of Iran stopped backing the Kurdish leader, Mullah Mustafa Barzani, Kurdish guerillas have established themselves in the mountains. Some of them are said to have been trained in the use of Soviet weapons in Syria and to be receiving supplies from Syria, where there is also a small Kurdish minority.

While the Kurds no longer pose the threat of full war against the Government, they can become a considerable draio on the Government's resources and inflict serious damage on the economy. The nnrthern oilfields are most vulnerable to sabotage and every hillock at the foot of the Kurdisb monntains is nccupied by an armoured personnel carrier. Vast fortresses are being built aronnd the towns of Mosul and Kirkuk, guarding the approacb to the oilfields, and enphemistically described by officials as grain silos.

Iraqi officials do not conceal the fact that Kurdistan is not completely at peace, but believe that by giving it a measure of autonomy and stimulating considerable economic development the Government can gradually win the hearts and minds of the Kurdlsh people.

The policy of deporting at least 40,000 Kurds en masse to especially created villages in the sonth of the country has apparently been halted. Some families are now being allowed to return to the north. Unofficially the government admits that the policy was probably rash.

South of Baghdad there were riots earlier this year at the Holy Cities of Najaf and Kerbala. They were blamed on Syrian agents and put down by the army with considerable ferocity. Though fairly short-lived, the riota led to the dismissal from the regional command of the Baath party of two of the three men charged with judging those involved. One of them, Dr. Izzat Mustafa, was a long-standing member of the party.

Though President Bakr had a stroke last year, he now appears to be in better health, but the regime wants to ensure that—should Saddam Hussein have to succeed him—the transitioo will be smooth. Saddam, an able and powerful man who is in many respects already the effective ruler of Iraq, represents the civilian wing of the party (unlike President Bakr who has an army background). In order to prevent dissent in the army, on whose might the regime depends in the last resort, Saddam Hussein is relying on the Baathist structure inside the armed forces. There are indications that Major Adnan Khairallah, a soldier and Saddam's brother in law, is being groomed to become Defence Minister, a post now beld by the President.

Kurds laying down their arms as the rebellion ended.

The rank and file of the Baath Party bas been bewildered in recent months by indications that the Government might be considering compromising with the conservative states which it bas so often denounced: since last June, when the Government marched two divisions of troops up to the Syrian border as the Syrian army marched into Lebanon, there bas been a gradual move towards caution. The Black June Palestinian rejectionists group, based in Iraq, bas become more restrained, and in February Iraq sent a high level delegation to the Arab Gulf states in an attempt to reach a closer understanding with them, based on economic co-operation.

Now that Israel has a Likud Government, however, the regime bas less need of ideological compromise, and may be able to show its supporters some political gains by stressing to its Arab neighbours the size and value of its army in any confrontation with Israel. But if such gains fail to materialise, the Government will have to find another formula with which to ease its Internal problems.

BOND DRAWING

CHILEAN EXTERNAL LONG TERM DEBT LAW No. 5982

Chilean Government 4½% Gold Loan 1929

Midland Bank Limited announce that the redemption instalment for the sinking fund of 1st July 1977 has been met by purchases in the market to the nominal value of £100 and by a drawing of Bonds to the nominal value of £5000.

The distinctive numbers of the bonds drawn in the presence of a Notary Public are as follows:—

Serial Numbers £500 Bonds 17442, 17767, 17973

Serial Numbers £100 Bonds 9867, [illegible], 9937, 10379, 10544, 10545, 10509, 10759, 10885, 10934, 11124, 11245, 11248, 11302, 11472, 11941, 12361, 12458, 13796, 14225, 14316, 14512, 14787, 14837, 15332.

Serial Numbers £20 Bonds 13, 95, 143, 172, 188, 201, 995, 996, 1404, 1810, 1790, 2010, 2030, 2186, 2435, 2591, 2874, 3288, 3298, 3717, 3885, 3887, 4573, 4592, 4756, 4785, 5059, 5189, 5370, 5389, 5541, 5549, 5552, 5902, 5909, 6103, 6113, 6172, 6788, 6415, 6876, 6930, 7750, 7972, 7982, 8005, 8234, 8423, 9435, 9500

The above bonds should be presented at the New Issue Department of Midland Bank Limited listed on the appropriate form and must bear all coupons subsequent to 1st July 1977 otherwise the amount of the missing coupons will be deducted from the principal moneys.

The usual interval of four clear days will be required for examination.

Midland Bank Limited,
New Issue Department,
Mariner House,
Pepys Street,
London EC3N 4DA.

CHILEAN EXTERNAL LONG TERM DEBT LAW No. 5982

Chilean Government 4½% Bonds 1893

Midland Bank Limited announce that the redemption instalment for the sinking fund of 1st July 1977 has been met by a drawing of Bonds to the nominal value of £1,900.

The distinctive numbers of the bonds drawn in the presence of a Notary Public are as follows:—

Serial Number £500 212

Serial Numbers £100 281, 331, 553, 556, 583, 1042, 1114, 1191, 1227, 1505, 1723, 2337, 2826, 3327.

The above bonds should be presented at the New Issue Department of Midland Bank Limited listed on the appropriate form and must bear all coupons subsequent to 1st July, 1977 otherwise the amount of the missing coupons will be deducted from the principal moneys.

The usual interval of four clear days will be required for examination.

Midland Bank Limited,
New Issue Department,
Mariner House,
Pepys Street,
London EC3N 4DA.

COMPANY NOTICES

SOCIETE D'ELECTRICITE (SODEC)

Société anonyme in liquidation

Registered Office:
103, Grand' Rue Luxembourg.
Companies Register Number: B.[illegible]

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders will be held on Friday, 1st July 1977, at 11 [illegible] at 103 Grand' Rue, Luxembourg.

AGENDA

Report of The "Collège" of Liquidators on the progress of the liquidation.

In accordance with Article 30 of the Company's By-Laws, Shareholders wishing to attend this Meeting must, if their shares are in bearer form, deposit their shares at least five clear days before the date of the Meeting, i.e. by 25th June 1977 at the latest, at one of the banks named hereunder.

In London:

Banque Belge Ltd., 4, [illegible] E.C.2.
Barclays Bank International Ltd., 152, Upper Thames Street, E.C.4.
Midland Bank Ltd., Overseas Branch, 60 Gracechurch Street, E.C.3.
J. Henry Schroder Wagg & Co. Ltd., 120, Cheapside, E.C.2.

Proxies must be deposited at the Registered Office by 27th June, 1977, at the latest.

NOTICES

JARDINE, MATHESON & CO., LIMITED
(Incorporated under the Companies Ordinance, Hong Kong)

For the purposes of the 1976 [illegible] scrip dividend option of Jardine, Matheson and Co., Limited the average last [illegible] price of the company's stock units on the Hong Kong Stock Exchange, Limited [illegible] the five trading days up to and including 13th June 1977 was HK$15.78. [illegible] number of new stock units which the holders will receive will be calculated [illegible] multiplying the number of their [illegible] units in respect of which they have elected to receive cash of HK$0.44 [illegible] stock unit by the following fraction: 0.44 / 15.78

Thus a holder of 2,000 stock units in respect of which he has not elected to receive cash will receive 55 new stock units, and a cash payment representing the net proceeds from the sale of approximately three-quarters of one stock unit.

By Order of the Board,
K. W. YOUNG
Company Secretary.

Hong Kong
13th June 1977.

EBES

Societes Reunies d'Energie du Bassin de L'Escaut S.A.

Points from the Directors' Report for the year ended 31st December 1976

The Company's total electricity salea rose in 1976 by 11.7% over the 1975 figure. High tension sales were up by 13%, reflecting revived industrial activity, and low teosion sales progressed by 8.2%. Of the total power supplied, 56.5% was generated in the Company's own power stations, and 37.3% in atations in which it bolds a participation, the remainder being purchased from outside sources. Gas sales rose by 3.3%.

The second 280 MW thermic set at the Genk-Langerlo power station was commissioned in October 1976. Construction work continues at Rodenhuize, at Coo-Trois Ponts, and at Doel nuclear power plant. Capital expenditure in 1976 totalled B.Fr.10,379 million.

In respect of the year 1976 an increased dividend of B.Fr.177, net of withbolding tax ("précompte mobilier"), will be paid on each of the Company's 9,210,000 shares, compared with B.Fr.161 for 1975.

EXTRACTS FROM THE ACCOUNTS

PROFIT & LOSS ACCOUNT
for the year ending 31st December

	1976 (B.Fr. '000)	1975 (B.Fr. '000)
Net operating revenue	1,922,681	1,884,638
(after charging depreciation of fixed assets)	2,628,213	2,476,771
Income from investments after deducting withholding tax	2,232,620	2,005,346
Net profit after taxation	2,163,158	1,972,578
Dividends, including withholding tax	2,037,713	1,853,512

BALANCE SHEET
as at 31st December

	1976	1975
Fixed assets	42,702,536	37,206,171
Current assets	14,375,091	12,643,462
Intangible assets	34,979	44,175
	57,112,606	49,893,808
Share capital	13,762,500	13,762,500
Reserves	5,848,749	5,555,298
	19,611,249	19,317,798
Long-term loans	26,556,933	21,946,349
Current liabilities	10,944,104	8,632,661
	57,112,606	49,893,808

The above-mentioned dividend of B.Fr.177 is now payable against presentation of Coupon No. 33. Coupons should be lodged at the offices of Banque Belge Limited, 16 St Helen's Place, London EC3A 6BT for payment at the current rate of exchange.

Copies of the full Report and Accounts for 1976, in French, together with a résumé in English are obtainable from the same address.

BOOKS

Another Hitler

BY C. P. SNOW

Hitler's War by David Irving. Hodder and Stoughton, £9.95. 926 pages

Cynical persons have been betting on this event for years past. Sooner or later, sooner rather than later, Hitler was due to be vindicated by someone in the Anglo-American world. Cometh the hour, cometh the man. Mr. David Irving has arrived.

He has done the job with dedication. Telling us that Hitler was a man of astonishing ability—that is nothing new. Telling *us* that he had something like military genius—that is at least arguable, and perhaps with qualifications admissible. What is a little more surprising is the sweet innocence that Irving feels in Hitler's character. Kind old Hitler. Of course he didn't know anything about the extermination of the Jews. That was concealed from him by wicked men like Himmler, whom he trusted too much, being a *trusting* soul, and who took advantage of his innocence.

I suppose we are all capable of imagining improbable things, but most of us could not imagine anything as improbable as that. The picture is of a preoccupied and somewhat absent-minded Hitler maybe wondering vaguely what had happened to the Jews, but apparently not bothering to inquire. Yes, he recalled that he had certainly ordered them to be ejected from the Reich. Also in due course from the Gouvernement Generale of Poland. So where were they? Perhaps they had gone east. No doubt they were doing useful work somewhere.

Life is too short, at least for me, to spend time over this farrago. Others will deal with it. It is just worth saying a word about Irving's account of Hitler as military commander. Some of this has merit. Here his devotion to his hero, makes him aware that Hitler too was a man of flesh and bone who lived a real corporeal existence in real rooms, in real quarters. So we get a concrete sense of what daily life was like at Rastenbourg (too dark) and Vinnitsa (too many mosquitoes). Irving had studied the German sources on the war with passionate attention. He does not seem to have spent much effort on the Russian sources, which would give a different version of some of the critical points of the Hitler war.

It is clear that Hitler had two major qualities as a military chief. He had great insight and imagination in grand strategy—provided that he could form a realistic estimate of the enemy. The victory in the West in 1940 was a triumph for his insight as much as for Manstein's. They had arrived *independently* at the correct strategic solution.

His second major quality was an extraordinary knowledge of weapons. There he could dominate any of his soldiers, and be right. Many of his directives about new requirements in weapons were brilliant. This special predilection and skill, though, led him into traps. A Supreme Commander ought not to interfere so obsessively, in such minute *detail*. He went quite wrong prescribing weapons (such as the V2) as the war went on, just as he did over tactics.

But his fatal defect was, when things were going wrong, to fall back on sheer unsupported will. Will is, of course, an imperative necessity in war, as in any other kind of human struggle. Nevertheless, will divorced from any contact with objective reality leads to suicidal errors, as it did in the most literal sense with Hitler.

In his military exposition, Irving, still dewy-eyed, goes on giving Hitler the benefit of the doubt. There is a pleasing example in his treatment of the battle of Kursk, July, 1943. For most military analysts this was the decisive battle of the Russo-German war, more significant than Stalingrad, from which the Germans could conceivably have recovered.

Irving plays Kursk down. Both sides had amassed gigantic quantities of material and Hitler, in the spirit of his Ardennes offensive in 1944, got his attack in first. Irving summarises the result of the stupendous battle with satisfaction (page 538):

> "But the Russians had suffered the heavier losses in 'Citadel' (code name for Hitler's offensive) — 17,000 dead and 34,000 prisoners. Their tactical reserves had been decimated. Accordingly the next weeks were to see the Russians' summer offensives faltering. . . . It seemed that stability had returned to the Russian front."

On page 565 Irving, after a long passage about Italy, returns without comment to the Russian situation "The Russian offensive during September and October swept over Novorossisk, Bryansk, Poltava, Smolensk, Dnepropetrovsk: and on November 6 Kiev itself fell."

It might have been sensible to put in a gentle word, explaining that after Kursk, Hitler had irretrievably lost the war.

Turkish tangles

BY ROBIN LANE FOX

The Ottoman Centuries by Patrick Kinross. Jonathan Cape, £10.00. 622 pages

The late Lord Kinross had a fine traveller's knowledge of Turkey and the near East. His biography of Ataturk came as close to that extraordinary figure, second only to Mao in our times, as could be expected in the absence of the official documents. His love of Turkey showed through his travel-writings cast in an elegant narrative style. Outside the professionals, who are not numerous in this field, he was the best-equipped writer to set the history of the Turks before a wide public. A long labour ended in this sweeping narrative history, published after his death.

It must be said at once that this cannot possibly be a definitive book. Never have the fortunes of social and economic history been so high, often in periods for which the evidence is alarmingly thin. Of all approaches, it is valid only if it can be as fully based as possible. Yet the one major society which could probably be studied in depth from its own documents before modern Europe, is hardly examined at all. The mass of unpublished evidence for the later Ottoman empire is still stored in recalcitrant archives. A great book would have to come to terms with it. A general book cannot. Hence Kinross makes spirited use of political events. We have an Ottoman history of Ottoman diplomacy with neighbours and western powers. We do not have a picture of Ottoman society or village life beyond occasional flashes and one tantalising half-chapter.

Judgments on the efficiency of officials at stamping out corruption or at balancing the finances are general, never backed by accounts of how this was done. There is hardly a word for Islamic schools; dervishes do not appear in the index, nor (incredibly) does Bursa, the arts barely feature, let alone the role of Armenians, Persians, Christians, perhaps even captive Chinese in the carpets and tiles which we admire. The tile-factory at Iznik seems to me to be at least as important as the details (though not the results) of the diplomatic quadrille with 18th century Russia. Why, too, were there no contemporary Ottoman historians of any note?

Against that, Kinross has his great strength. He loves his subject. He writes nobly, in a measured style. He has a sure touch with the tangle of diplomacy. He is just in his judgment of the great Sultan Mahmet II, conqueror of Constantinople, yet fluent in six different languages, including Hebrew. Ironically, the capturer of the Greek empire was himself an admirer of Alexander the Great. His seventeenth-century pair, the morose but aesthetic Murad, is a sketch which Kinross does not miss. When nationalism enters the stage in the nineteenth century, the story gains vigour and confidence: the picture of the Young Turks, Young Ottomans and other groups pressing for liberal reform with or against the Koran is as good as one would expect. The frightful massacre of the Armenians is told firmly. A perceptive Epilogue stresses the role of the Slave Household, not least the Janissaries or élite troops. Foreigners, usually Christians, would enter the Sultan's service as his "slaves," torn away from family and old locality. The Sultanate was based, like a monastery, on absolute single-mindedness. The pressures of this extreme meritocracy on the landed and aristocratic Muslims must surely have left more of a mark in the records than this book otherwise suggests. But the prominence of Christian administrators in the empires of the East, whether Sassanian Persia or Muslim Bagbdad, is a point which has still not received full justice from historians. As for the system's break-up, Selim III and *Mahmud II* (who actually eliminated the Janissaries) deserve a place in any records of the liberal west.

Until the narrative reaches 1850, I miss a sense of change or even a *sense* as to why many changes, military, tactical or economic, were resisted. We arrive in the world of rococo kiosks and Czarist pavilions without being altogether clear how tastes, teaching and court society had brought us there. The history of foreign relations is handled probably as well as one pen could contrive over such a span. Liberals may continue to wonder just what, apart from gay head-dresses, any Turk created, rather than patronised, once his empire dawned. Theorists may wish to be clearer how far, too, the Sultanate's fall was internally determined. But as a general narrative of wide scope, this is a fitting memorial to an author who knew his Turkey so well.

Tennis sweater 1920 style from "Designs by Erté" selected with an introduction by Stella Blum (Constable for Dover Books, £3.50, paperback) Inset: the young Erté

Fiction

When in Rome

BY ISABEL QUIGLY

The Burr Wood by Philip Glazebrook. Gollancz, £4.75. 252 pages

In a Dark Wood by Marina Warner. Weidenfeld and Nicolson, £4.50. 250 pages

The Ponsonby Post by Bernice Rubens. W. H. Allen, £3.95. 186 pages

The Burr Wood has a voice that is very much its own, an unmistakable identity. The only novelist Philip Glazebrook seems to recall, not in style but in affect, in this personal unmistakableness, is Henry Green. His style is distinct yet transparent, almost weightless; and he has extraordinary dialogue, truly "spoken," in place of the conventional written language that passes for speech in most novels. In his hero, also transparent enough to seem scarcely there at all sometimes, various themes that gather strength as the action moves on are, if it is not too corporeal a word, embodied. *One hesitates* almost to say how, so subtle and gradual is their introduction. Kim is negative but not ineffectual. Through boyhood and youth he gathers strength, camouflaged in weakness, in lack of recognisable motive. Later, in the Burr Wood near his home, the fragments of his life come together, he begins to use them and to write, to see that "facts are liquid, the liquescent raw material of creativity . . . poured into any shape, the facts will set." Certain themes, certain people and events, vivid moments and images from the past, make patterns. The language rises to its occasion, the creative process is described—obliquely through Kim's realisation of the past, its criss-crossings and possible meanings, directly through his wife's lonely exclusion: "clack-clack-clack mocked the typewriter next door."

With little description and no theorising, social patterns are established too: the expatriate world in Rome, the metronome exactness of Kim's sister's London life, every moment and action accounted for, perfect efficiency and planning down to the moment when she sits at her tapestry to show her homecoming husband she hasn't even been busy. Myth and magic, rituals of the past, the life in certain poems, places, actions, are almost glancingly used, hardly noticeable if you aren't looking carefully. A lightly, or at least deftly, written serious book.

The two other novelists are literate, readable and intelligent, but lack Glazebrook's individuality, his curious air of skimming across language; perhaps because individuality is the rarest of qualities among literate, readable, intelligent novelists whose very virtues, like their characters' lives and situations, tend to overlap. Marina Warner's first novel, *In a Dark Wood*, is so accomplished one hesitates to call it "promising"; yet that, I think, is just what it is, being rather too closely packed with themes not quite worked out, characters and situations too full; all of which suggests that, whereas many first novels are thin and seem to predict little further, here, with pruning and selection, there's the stuff for much more. Also, she has flashes of intuition, well rendered in unflashy writing.

But it is too solid with large, elaborate themes, with too many characters involved in big events (spiritual or intellectual or emotional), the imagery is too explicit, the mythology too exact. There's a Jesuit historian and his family in London, their background in China, 17th-century court life in China, the subject of his research on a Jesuit missionary, a cultural journal financed partly by the CIA, to its owner's desperate embarrassment, various other lives and social circles, miraculous visions in Sicily, and murder on Hampstead Heath. It wants thinning out but the talent's obvious.

The talent in Bernice Rubens's new novel is coasting along a little, and *The Ponsonby Post* is disappointing. Set in United Nations circles in Java, it looks at the world of international do-gooders, but its large cast of characters, socially, culturally and ideologically varied, doesn't always seem to come within its creator's social or imaginative experience, one feels. Changes of tone and mood are disconcerting, too. Its hero, Brownlow, arrives in Java to take seriously a job others tend to play at; yet at first, in a satirical atmosphere, he is shown as a silly man with nothing on his mind but a knighthood (as even his acquaintances know, which seems unlikely). Then quite suddenly the atmosphere straightens and Brownlow, just as suddenly, is seen in a sympathetic context as democratic, unsilly and heroic. The other internationals tend to be national stereotypes and, like Brownlow, are sometimes straight and sometimes waggishly observed: the locals are mostly dears and the barefoot shoe-shine boy is Jackie Coogan in *The Kid*. Well, even good writers may nod, now and then.

Marina Warner: Sicily to Hampstead

Gallic growth

BY ZARA STEINER

Peasants into Frenchmen: The Modernisation of Rural France 1870-1914 by Eugen Weber. Chatto and Windus, £12.00. 615 pages

Eugen Weber, already known for his penetrating study of the Action Française, has now created a striking portrait of the French peasant before the First World War. In a series of vignettes, with particular reference to the west, centre, south and south east of France, we are shown how the peasants lived, worked, spoke, played and worshipped. There is a powerfully stated underlying theme. Professor Weber argues that in the early years of the Third Republic, the great mass of the peasantry lived in self-contained worlds, speaking in patois, with their own inherited patterns of work and leisure, geographically and economically cut off from urban France. Industrialisation and the conscious policies of the Government gradually trans*formed* the life of the countryside. Roads and railroads, schools and compulsory military service eroded this rural isolation and gradually created one nation, the true "La Patrie."

Outward symbols of change—the spread of French, the appearance of bakeries, the general drinking of wine, the appearance of town clothes and factory furniture—reflected far deeper alterations which enabled the peasant to participate in the political and economic life of the nation. The crucial and deep division between rural and urban France gave way as the peasants, sometimes reluctantly, discovered and sought the benefits which modernisation conferred.

This is a wonderfully rich and absorbing book. The chapters cover a multitude of topics and reflect the author's researches in both national and provincial archives. Professor Weber has used police, school and military reports, sermons and songs, folk sayings and superstitions to round out his picture. This evidence gives strong support to his argument that though the process of rural assimilation and modernisation was a constant, if uneven, one, the years between 1880 and 1910 had a special significance in the history of the peasantry. The "condition" of being a peasant was more rapidly transformed than in earlier decades and the absorption of the rural areas into the nation was accelerated. What makes France particularly interesting is the slowness of the process and the tenacity of the older forms of peasant life. Brittany was one of the last areas to be "nationalised" and it might be argued that process is far from complete.

This is not quite the magisterial work one expects from this author. The problem is, in part, one of method. The pointillist approach, however illuminating and fascinating, also distorts. The concentration on the particular leaves many intermediate steps unexplored. One feels the need for a broader and firmer economic base for what is primarily a cultural-social history.

It may be that the actual forms of farming, in addition to factors of climate and geography, create sub-groups within the peasantry which account for the variations in the pace of change both within and between regions. How far do differences in crops raised, costs and prices, production and marketing techniques create divisions which alter perceptions and influence political and economic choices even during the period of assimilation. In dealing with each of his topics, Professor Weber moves freely between peasants and regions (a good map of the departments of France is essential and not supplied) so that despite his warnings, what emerges is often more coherent and homogeneous than the peasants he is portraying. One is deeply grateful, however, not only for the sheer wealth of information but for the skill and humanity with which Professor Weber has presented his story. It makes for compulsive reading.

India man

BY K. NATWAR-SINGH

Unmade Journey by Ian Stephens. Stacey International, £7.50. 448 pages

The current British disease is to re-live the past. The Indian sub-Continent provides the necessary raw material. Both demand and supply appear inexhaustible. Britain sent out an amazingly varied lot of people to India: dedicated imperialists, insufferable Blimps, over-zealous missionaries, brilliant and resourceful administrators, eccentric journalists, stuffy judges, narrow-minded educationists, snobs from Eton and Oxbridge with well-developed bodies and undeveloped hearts, genuine friends of India like E. M. Forster, C. F. Andrews, Verrier Elwin, Fenner Brockway, Kingsley Martin.

Mr. Stephens has written a number of books on Pakistan and made a reputation for himself as a devoted friend and admirer of that country and its people. Why this should preclude understanding and appreciation of post-1947 India is both incomprehensible and regrettable. The attempt should be to break down barriers, not strengthen existing ones.

Unmade Journey is an autobiography of sorts. Its range is wide and its chronology confusing. The author is candid enough to concede that it lacks "firm internal structure." It does not lack clarity or prolixity. His flinty integrity one admires, but I had problems with his political and literary judgments. Mr. Stephens spent 21 years in India from 1930 to 1951. He resigned the editorship of the Calcutta Statesman over India's attitude to the Kashmir question. Thereafter he was in residence at King's College, Cambridge, and later spent some years in Pakistan. He writes with great feeling and warmth about those years.

He now lives in retirement in Cambridge rather taken up by his Chinese (strictly non-Peking) connection of which he has a lot to say.

Mr. Stephens has definite views about men and matters but is unable to enlarge the significance of events through which he lived. His pet aversions are the Bloomsbury set, Lord Mountbatten, Pandit Nehru and to a lesser extent Mahatma Gandhi. Mountbatten is taken to task for ending his 1968 Nehru Memorial Lecture on August 15, 1947. Mr. Stephens suggests that the lecturer did so to avoid discussing Kashmir. This is unjust and unworthy. Stephens himself avoids an in-depth analysis of what took place in the Indian sub-Continent in the latter half of 1971. An honest and objective analysis of those events would have entailed criticism of his beloved Pakistan.

In his chapter on E. M. Forster, he places *A Passage to India* in the same category as Christine Weston's *Indigo* and Philip Woodruff's *Call the Next Witness*. To put Forster's classic in the same league is to place personal prejudice above objectivity. He is generous to Han Suyin and I share his enthusiasm for John Masters' *Bhowani Junction*.

I read every page of Unmade Journey but never really felt at ease. It is interesting, at times lively, vivid and controversial but it could be a commercial disaster without being a literary success. I hope I am wrong. I fear I might be right.

In Short—Cricketing clutch

BY TREVOR BAILEY

England versus Australia by David Frith. Lutterworth Press. £12.50. 304 pages.

This *is a* lavish, and elaborately produced pictorial history of the Tests between the two countries from 1877 to 1975. There is a succinct account of every match with abbreviated scores which are complemented by relevant photographs, pictures and cartoons. This very handsome volume, containing over 1,000 illustrations, many of quite outstanding quality is a genuine collector's piece, a work to be read, looked at and admired again and again.

History of Indian Cricket by Edward Docker. Macmillan, £8.95. 288 pages

Mr. Docker begins with the MCC tour of 1926-27 and traces, with obvious love, the numerous ups and downs of the Indian game until the present day. I found especially interesting his treatment of how internal politics has played such a big part in deciding the captains, but could not understand why he should be surprised that "India performed miserably in the one-day World Cup matches in England in 1975," as, with their particular resources, this was inevitable.

Arlott and Trueman on Cricket, edited by Gilbert Phelps. BBC Publications, £4.75. 280 pages.

This book is rather like a good steak and kidney pudding, enjoyable and satisfying, but a shade overpadded with pud. It is essentially a bedside read, not to be devoured in one sitting, and falls into three distinct sections. First, John Arlott provides a history of the game, which is concise, thoughtful and very interesting. The middle consists of a varied and often amusing anthology. Finally, Fred Trueman provides brief pungent pen *portraits* of the best players of his era. The whole mixture is supplemented by plenty of very well produced pictures, which are just as varied as the written contents.

Cricket in my Blood by Ian Chappell. Hutchinson, £3.95. 206 pages

Ian Chappell's autobiography is predictably, both provocative and readable. Ian spent so much of his cricket career at war with the Australian administrators that a considerable portion of the book is devoted to this subject. He is inclined to spoil his justifiable contention that Australian players are entitled to greater rewards by failing to see (or ignoring) the other side of the argument. However, as the present situation shows, there can be no doubt that Australian cricket has suffered from a lack of communication between the players and the various governing bodies.

Spinner's Yarn by Ian Peebles. Collins, £4.95. 222 pages

As one would expect from such a talented writer as Ian Peebles, this is a delightful autobiography, full of quiet humour, delicious understatement, a certain nostalgia for a different world and cricket. It is very much the story of a man who has enjoyed his varied life and is grateful for the many friends he has made along the way. Although a shoulder injury prevented him from becoming as good a slow bowler, as his great mentor, Aubrey Faulkner had hoped, Ian did play for England, captained Middlesex and toured with the MCC. Later he was to go on several overseas cricket tours as the Cricket Correspondent for the Sunday Times. Devoid of malice and full of compassion, I found it all very satisfying, not the least his description of how he left the Press scene.

Test Match Cricket by Tony Greig. Hamlyn, £3.95. 176 pages

This annual style book contains some excellent photographs which are superior to the text, which is part general history and part anecdotal. This miscellaneous collection lacks a central theme and appears to have been put together rather too quickly. There are, however, several moments of unintentional irony, as, for example, when he writes, "I am no activator for player power or anything of that sort. Players have no place dictating the running of the game," or his final sentence, "Test cricket may seem to have had a pretty long and exhausting life. But it has only just begun."

The Property Market

BY QUENTIN GUIRDHAM

Campaign on empty rating hots up

The campaign against 100 per cent. empty rating and the empty rating surcharge is growing into one of the property industry's more concerted lobbies. There are signs that local government is relenting. Birmingham and Leicester's cuts to 50 per cent. may be followed by others. And in some quarters there is optimism about a change in the view of national government. The fact that the 1974 Act was so precisely mistimed, on e merket view, is now a past grouse. But the bite of the new powers, and obligations, theo given to councils is being felt as strongly as ever.

The latest protest has come from the British Property Federation. It has worked on the basis of returns from the Rating and Valoatioo Associatioo which show that, before the Birmingham and Leicester decisions, 20 of the Metropolitan Districts had opted to charge 100 per cent. empty rates, two for 75 per cent. and three for 50 per cent. or less. Of London Boroughs, ell but fonr decided on 100 per cent. rates for non-domestic property.

Giveo the relative scarcity of Section 16 surcharges, the "Centre Point charge," the main hurdeo of BPF's memorandum to Mr. Peter Shore, concerns Section 15 (needless to say it wants Sectioo 16 scrapped altogether). It argues that 100 per cent. rates are simply inequitable. Empty property should be rated in proportion to the burden it places on local services. If that is reduced to items like police, fire services, street lighting and such things, then 25 per cent. is the figure which the BPF is suggesting (the City, incidentally, charges at 7 per cent.).

Some of the figures quoted are, persuasively, from non-property companies. Thus under Section 15, the National Westminster paid £231,536 in respect of 264 premises in 1976, and Barclays £242,598 for 368 premises.

The most dramatic example, however, of how the system is working comes from English Property Corporation. It has paid £460,000 in empty rates on the Doulton House and Bridge Hoose site oo the South Bank, London. While negotiatiog with the Government for a new building on the site, end with the planners for the cooseots necessary, EPC was also "wildly advertising" the existing empty building to show it was really trying to let it, so avoiding the chance of the council slapping on the penal surcharge. The idea that it might ectually get a short-term tenant to meet even the rates was described as only "an outside chanre" despite the size of the marketing campaign.

Having given some ground to 25 per cent., perhaps the BPF's initiative could start a genuine debate aimed at avoiding such anomalies.

Greenwell queries some fundamentals

Last year stockbrokers Greenwell were saying that property shares were overvalued in relatioo to returns from direct property investment. This circular, which came out shortly after the Amalgameted Investment and Property collapse, seemed to infinence the market considerably. The same brokers had also taken the Revenue returns on City property to show that vacant space there was more like a tenth of the total than the twentieth which most estate agents were saying.

So the Greenwell infinence last year was bearish for shares, and the recommendetions for their readers included buying £5m.-plus properties in central London with five-year or more reversions. Few, naturally, would be in any position to take such advice, but Greenwell was going along with the general opinion in the sense thet institutions had lost faith in property shares while gaining commitment to direct investment.

A little more than e year later, with the property share sector showing almost the same streogth reletive to the All Share Iodex, Greenwell has decided that shares are a good thing.

Before discussing specific companies, the present circular leads off with some thoughts on whether direct property investment is a hedge against inflation. It decides that this is "not necessarily" so, which is not necessarily any great discovery.

Such conclusions may be reassuring to property investment managers and advisers if accnsed of doing nothing but buying everything in sight and waitiog for cost-push to bail out their judgment. Others may reckon this is simplistic stuff, and on the inflation-proofing argument, it is perhaps worth stating a little bit more of the obvious. Property does not make its appeal to fund managers through any guarantee that rental growth will equal inflation, but on a record which suggests it is a fair bet to fall short of inflation by no more than equity shares, while also providing the long-term preservation of some asset worth, something which on e doomsday view looks increasingly unlikely for the bulk of, say, shares in British engineering companies.

Under "long-term fectors," Greenwell worries about the freedom to develop undermining the site values which, in Britain, are just eboot the highest in the world, taking the London properties which dominate most portfolios. The example of New York offices, worth less now than when they were built in the 1950s, is quoted. Raising the ODP limit to 30,000 square feet, and the 'Tories' intention, as expressed by Hugh Rossi, to scrap the permit system eltogether, are seen es particularly destructive to existing values.

To treat these as long-term factors is surely overcookiog the argument. Labour governments are not going to go on for ever changing planning policy in an attempt to ease constructioo unemployment, and if ooe is budgeting for Labour governments in long-term factors, then why no mention of the Community Land Scheme and associated tax structure which conld be the greatest-ever preserver of existing site values?

While Tory governments may do more to encourage development, they are not going to abolish all regional policy. The half of the commercial office floorspace in Englend and Wales in the South East is not goiog to grow suddenly because the Conservetives scrap ODPs. The population drift is, indeed, the other way.

Getting to specifics, Greenwell worries aboot the City, where it reckons the second-class space is especially vulnerable. This is the two-tier market argument which has been familiar since the fiercest demand in 1972-73 transported even the grottier environs of Shoreditch into the £15 a squere foot class. Respectable 1950s offices in an erea like Qneen Victoria Street heve gone for as little as £5 e squere foot in the last year, so the two-tier merket ie already very much a fact.

So in the short-term the brokers go along with the consensus view that e shortage of new prime space in the next three or four years will see the best rents steadily rising. But they worry about all secondary City space particularly when some long rent reviews fall in.

The manner in which rent review cycles have bunched up in the 1975-82 period is used, by Greenwell, both to argue that secondary City space rents will be under pressure and as one of the meln reasons why now, more than half a year after shares hit their low, clients should be investing again in property companies.

The point ahont these reviews hes not, apparently, carried much weight in the market dnring the dog days for property shares, but is certainly worth restating now thet lower interest retes an[d] prospect of some valuation pluses have produced property bulls. The Gre[enwell] estimate on the basis of te[n com]panies — Brixton Estate, Portland Estates, Hamm[erson], Haslemere, Land Secu[rities], Law Land, MEPC, Scottish [Metro]politan, Slough Estates and [Town &] Conversion—is dramatic. O[n the] basis of 1975-76, their total rental income was £118m. [On] current rack rents, there s[hould] be e gain of "et least £[...]" almost all of it by 1980.

Two more deals in the last week have shown the strength of the EC 3 sector of the City of London. On the left is the 23/26 St. Dunstan's Hill building, sold by Gill and Duffus to Christopher Moran Holdings for close to £700,000 with a £500,000 restoration now under way. Buying the freehold is Moran's answer to bringing together its broking and underwriting agency activities in a net space of 10,600 square feet. Gill and Duffus has gone to purpose-built headquarters in Borough High Street. Jones Lang Wootton acted for it, and Baker Harris Saunders for Moran. On the right is Haslemere's 10 Lloyds Avenue development, let to Anglo-Soviet Shipping at a rent equating to something ever £10 a square foot, with a sub-lease to Craven Farmer, L[loyd's] brokers. Total space is around [...] square feet of offices, the bulk being used by Anglo-Soviet Ship[ping], represented by Edward Erdman [and] JLW. Richard Saunders and Par[tners] (the name stays, though the man is with Baker Harris Saunders) acted [for] Craven Farmer.

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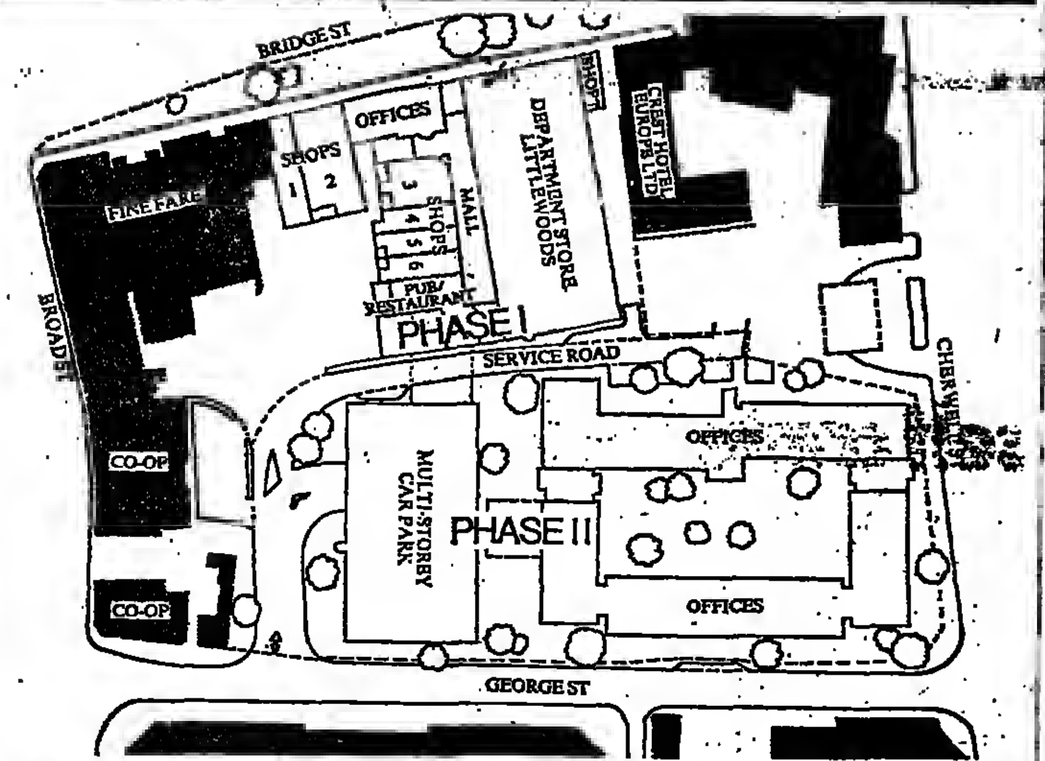

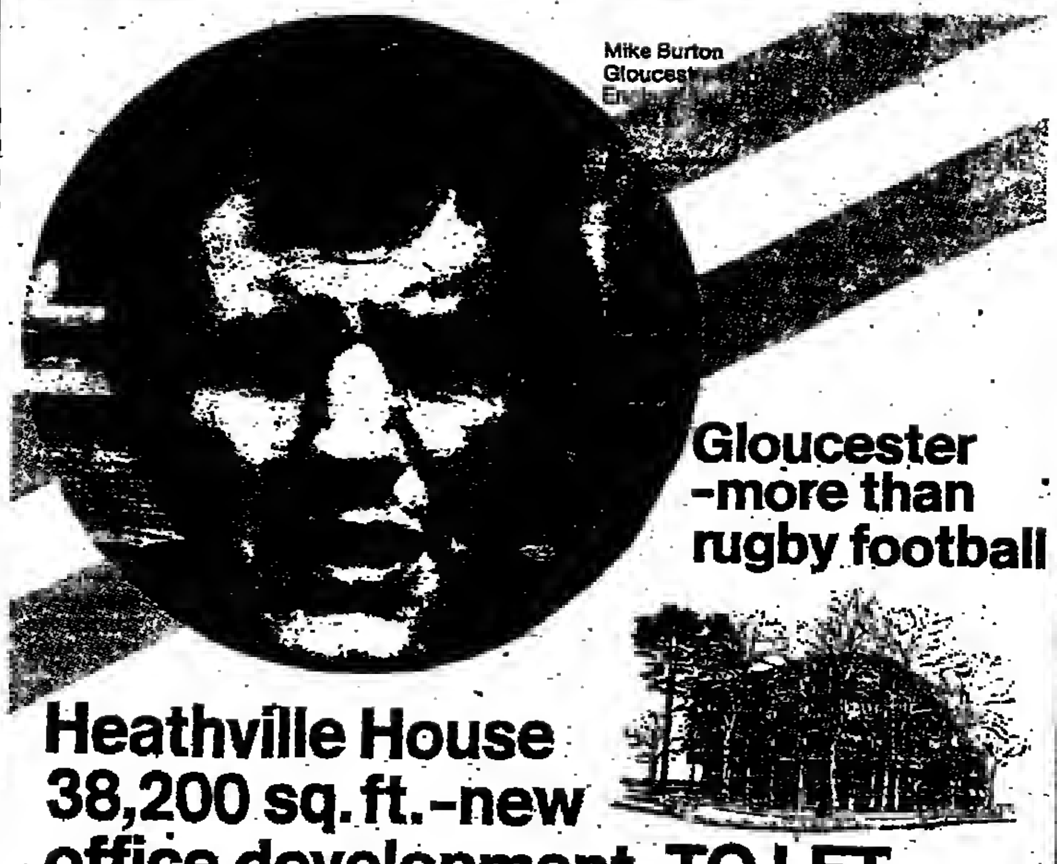

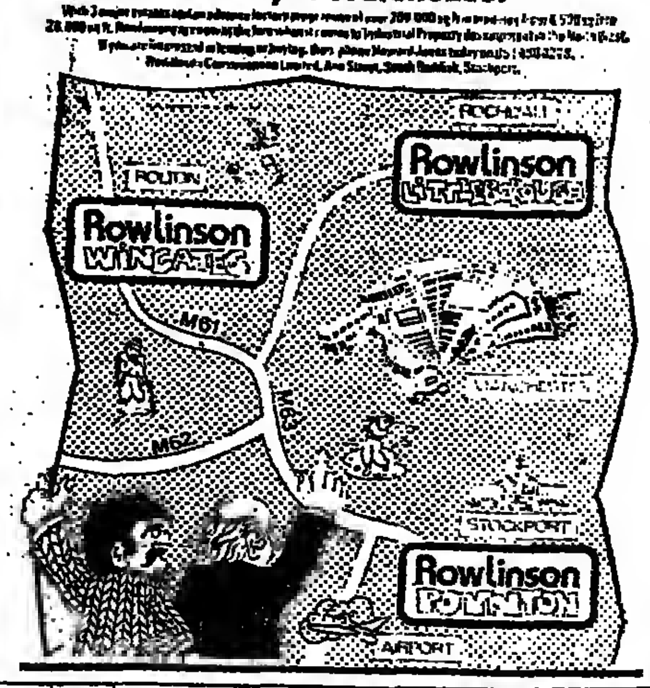

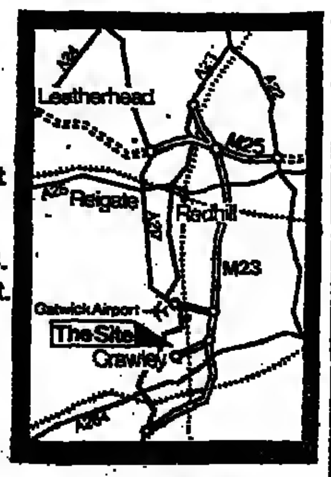

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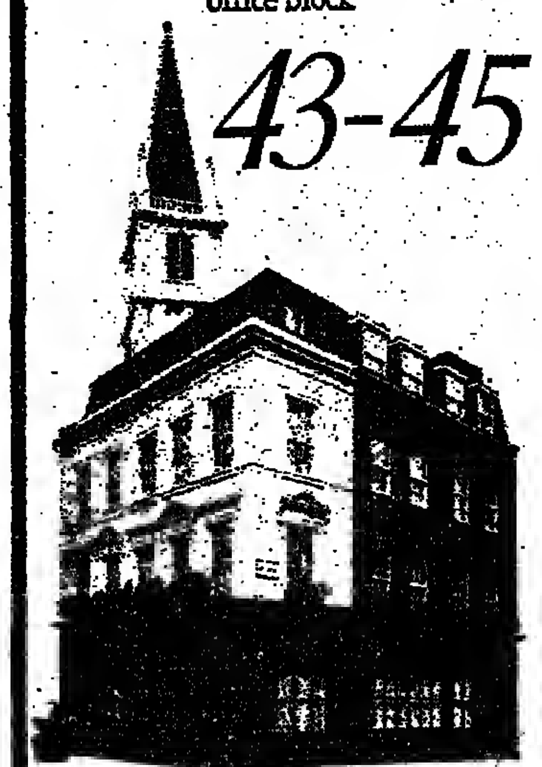

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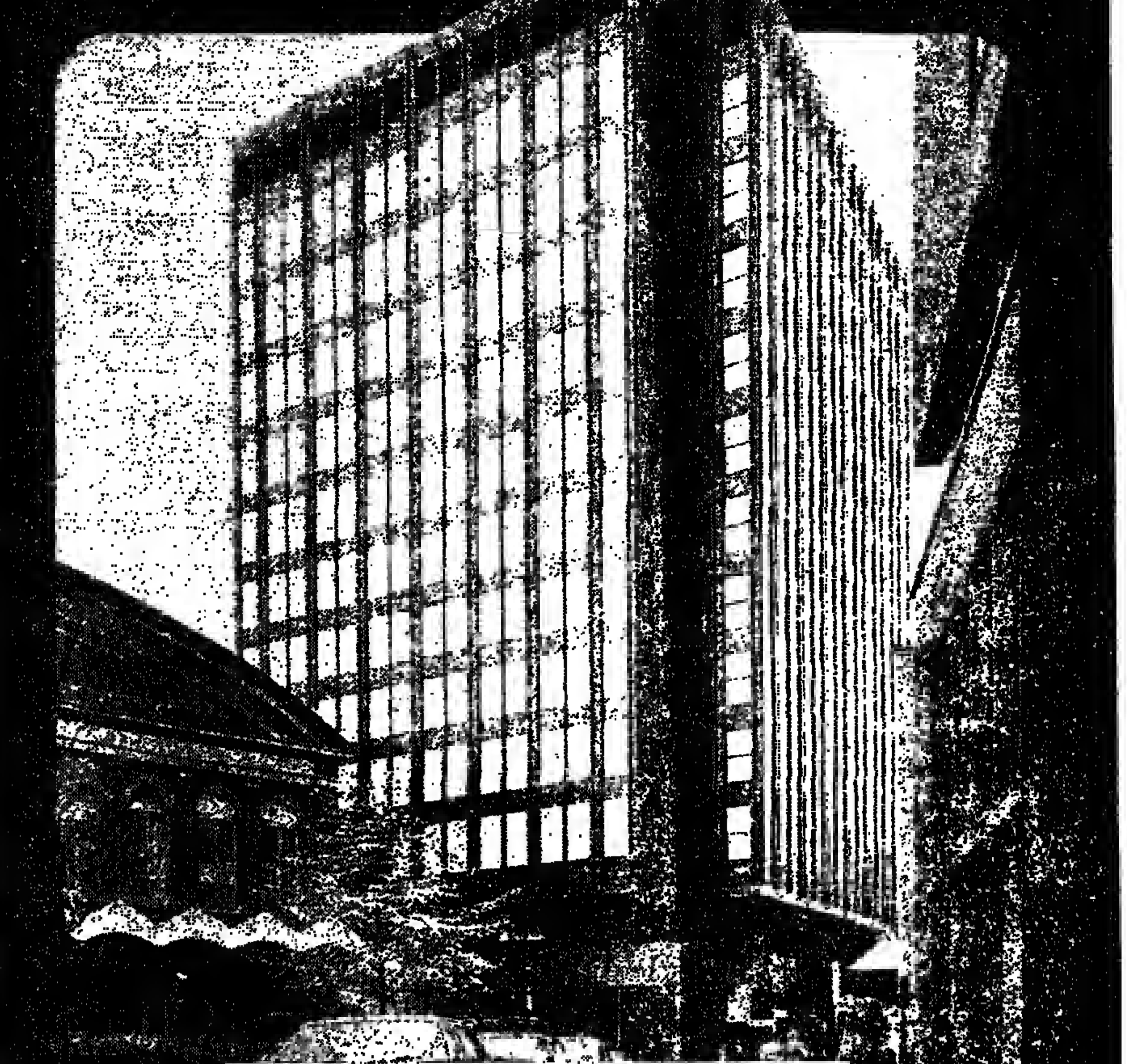

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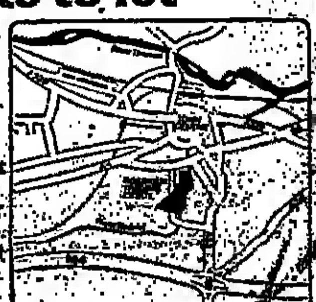

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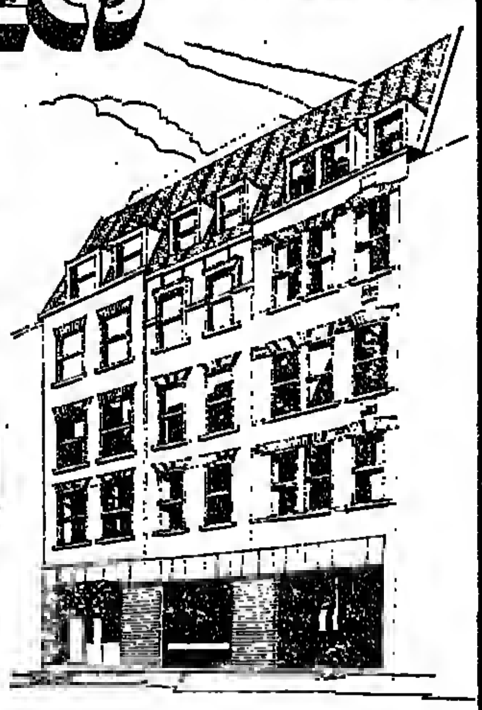

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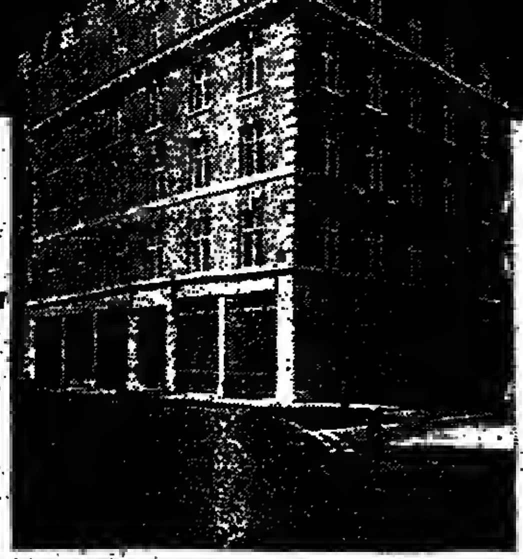

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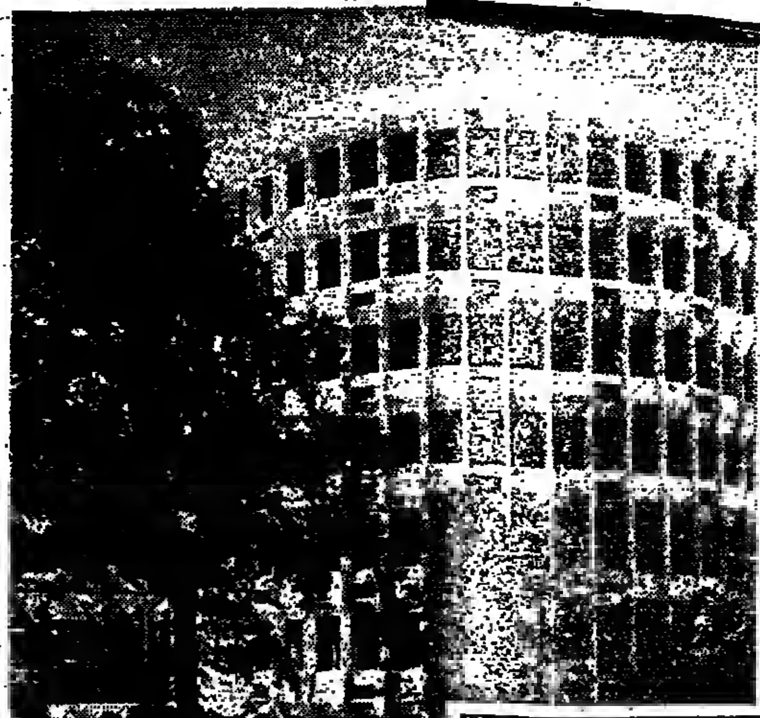

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Mendoza, 39 Crawford Street, Baker Street, W1H 2BS. 01-935 8541.

Reiff Diner & Co. (Office and Commercial Property Specialists). 179 New Bond Street, W1Y 9PD. 01-491 3154.

Ian Scott & Co., Estate Agents and Surveyors, 139 Park Lane, W1. 01-493 9911.

Smith Melzack, Surveyors, Valuers and Estate Agents, 8 Cork St., W.1. Tel: 01-439 8531.

Thomas, Deal & Partners, Surveyors and Property Consultants, 104A Park Street, Mayfair, W1Y 3RJ. Tel: 01-408 1583.

SOUTH WEST

Roland Quick & Co., 4 Sloane Street, SW1. Tel: 01-235 4545.

Walker Son & Packman, Chartered Surveyors, Commercial, Industrial and Residential Property, 34 St. James's Street, SW1A 1HD. Tel: 01-839 7451.

SOUTH EAST

David Baxter Wing & Hockin, Commercial Dept., 169-170 High Street, Penge, SE20 7QB. Tel. 01-659 1638.

NORTH WEST

Bennett & Co., 167 Cricklewood Broadway, NW2. 01-452 6666. Specialists in commercial and residential properties.

MERSEYSIDE

LIVERPOOL

Dixon Henderson & Co., Chartered Surveyors, 44 Old Hall Street, L3 9PP. Tel: 051-236 4436.

R. F. Spark & Co., Chartered Surveyors, 21 Dale Street. Tel: 051-236 0669.

ST. HELENS

Dixon Henderson & Co., Chartered Surveyors and Estate Agents, 5 Claughton Street, WA10 1RR. Tel: St. Helens 54417.

MIDDLESEX

Granby Hunter, Industrial and Office Property, 97 Uxbridge Road, W12 8NL. 01-749 7178/9/80, and London EC3.

HEATHROW

APC International, Industrial and Commercial Surveyors and Property Consultants, Heathrow House, Bath Road, Cranford. Tel: 01-759 6966.

HOUNSLOW

Horne & Sons, Chartered Surveyors, 181 High Street. Tel: 01-570 2244.

STAINES

Richard Brampton & Co., Surveyors, Agents and Valuers, 25 Windsor Road, Wraysbury. Tel: Wraysbury 2258.

Emmitt Rathbone, Commercial, Industrial and Residential Surveyors, Valuers and Estate Agents, 15 Clarence Street, Staines. Tel: Staines 51156/61700.

NORFOLK

NORWICH

Turnbull & Co., Chartered Surveyors, 8-10 Bank Street. Tel: 26041, and 18 Blackfriars Street, Kings Lynn.

NORTH EAST

S. D. Ellison & Partners. 24 Northumberland Road, Newcastle upon Tyne. Tel: (0632) 24024. Also at Edinburgh.

Sanderson, Townend & Gilbert, Middlesbrough. 0642 244181. Newcastle 0632 612681. Darlington 0325 62545.

Storey Sons & Parker, Chartered Surveyors, Newcastle. 0632 26291. Middlesbrough 0642 48301. Darlington 0325 69564.

NORTHAMPTONSHIRE

NORTHAMPTON

Arnold Bennett, ARICS, 20 Sheep St., Northampton. Tel: (0604) 35517.

NOTTINGHAMSHIRE

MANSFIELD

Walker, Walton Hanson, Chartered Surveyors, Estate Agents, Auctioneers, Commercial and Industrial Property, Plant and Machinery Sales and Valuations. 43 Stockwell Gate, Mansfield (0623) 35427.

NOTTINGHAM

Beardsley Theobalds, Commercial and Residential, Market Street. 0602 48751.

Cavanagh & Co., Commercial Property Agents, Friar Lane. Tel: (0602) 40747.

Lindsay Freeman, Bank Chambers, 1 Mount Street, Nottingham (0602) 411022.

Healeys of Nottingham, Chartered Surveyors, 30 Bridlesmith Gate. 0602 52511.

Walker, Walton Hanson, Chartered Surveyors, Estate Agents. Auctioneers, Commercial and Industrial Property, Plant and Machinery Sales and Valuations, Byard Lane, Bridlesmith Gate, Nottingham (0602) 54272.

SUFFOLK

BURY ST. EDMUNDS, EAST ANGLIA

Lacy Scott, Commercial Agricultural and Residential Surveyors and Auctioneers, 3 Hatter Street. (0284) 63531.

SURREY

WEST BYFLEET

David Smithyes Partnership, Commercial Consultants, 31/33 Station Approach. Tel. Byfleet 47448.

WOKING

Mann & Co., Chartered Surveyors, 22 Commercial Way, Woking, GU21 1HE. Tel: Woking (04862) 70071.

Hewtons, Chartered Surveyors, Commercial Property and Design Consultants, Woking (04862) 63666.

SUSSEX

Stiles, Horton, Ledger, Surveyors, Brighton (0273) 21561, Hove 720771, Eastbourne 36244, Worthing 37892.

Geo. White & Co. (Commercial Department), 28/29 Ship Street, Brighton. 0273 29110 (8 local offices).

BRIGHTON

David & Partners, Commercial/Industrial, 4 Gloucester Place, Brighton. Tel: 688264.

Field & Thomas, Commercial and Residential Estate Agents, Surveyors, Valuers and Auctioneers, 19 Market Street, Brighton. Tel: (0273) 29211.

CRAWLEY

Philip James Associates, 12 High St., (0293) 21156. Telex: 87566.

John Stickley & Co., Chartered Surveyors, 14 Brighton Road. Tel: 26423.

EAST GRINSTEAD

Walker Son & Packman, Chartered Surveyors, Commercial, Industrial and Residential Property, 2 London Road, RH19 1AQ. Tel: (0342) 24622 or 24686.

HAYWARDS HEATH

Geering & Colyer, Chartered Surveyors, 123 South Road, Haywards Heath. Tel: (0444) 57511.

HORSHAM

King and Chasemore (Commercial), Carfax, Horsham. Tel. (0403) 64441.

WALES

CARDIFF

Cooke & Arkwright, Chartered Surveyors, 7 Windsor Place, Cardiff. 388208.

TYWYN, GWYNEDD

Fisher Ablitt & Co., Auctioneers, High Street, LL36 0AD. (0654) 710358.

WEST MIDLANDS

BIRMINGHAM

Geo. Fisher & Son, Est. Agents, 20-24 High Street, Harborne, B17 9NF. 021-427 2241

WILTSHIRE

SWINDON

Loveday & Loveday, Valuers and Surveyors in Commercial Property, 16/18 High Street. Tel: (0793) 29121.

YORKSHIRE

LEEDS

Peter F. Smith & Co., Chartered Surveyors, Industrial and Commercial, 4 South Parade. Tel: 450905.

Walker Son & Packman, Chartered Surveyors, Commercial and Industrial Property, 94 Vicar Lane. Tel: 439614.

SHEFFIELD

T. Saxton & Co., Chartered Surveyors, Estate Agents and Valuers, 56 Queen Street, Sheffield. (0742) 77635.

YORK

Brender & Spencer, Surveyors, Valuers, Estate Agents, Auctioneers and Rating Surveyors, 6-7 Bridge Street, York. Tel: (0904) 21441. Telex: 57756.

SCOTLAND

ABERDEEN

Burnett (F. G.), Chartered Surveyors, Valuers and Estate Agents, 11 Rubislaw Terrace. Tel: (0224) 572661.

EDINBURGH

Bell-Ingram, Chartered Surveyors, Walker Street. Tel: 031-225 3271. Also at Perth, Aberdeen, Ayrshire and London.

S. D. Ellison & Partners, 55 Castle Street. Tel: 031-226 6021. also Newcastle.

Miller Parker May & Rowden, 5 South Charlotte Street. 031-225 3958.

Leavers, 91 George Street, Edinburgh. Tel: 031-226 4791/2.

Ryden, Kenneth and Partners, Chartered Surveyors, 71 Hanover Street, EH2 1EF. Tel: 031-225 6533.

Walker, Son & Packman, Chartered Surveyors, Commercial and Industrial Property, 45 Hanover St. 031-225 5129.

GLASGOW

Conrad Ritblat, Consit. Surv. and Vlrs., 3 Royal Cres., G3 7SL. 041-332 3677.

Ryden, Kenneth and Partners, Chartered Surveyors, 121 West George Street, Glasgow G2 1QS. Tel: 041-221 5301

IRELAND

BELFAST

Lisney & Son, 1-7 Donegall Sq., S., Belfast 1. Tel: (0232) 42350.

CORK

Lisney & Son., 35 Grand Parade, Cork. Tel: 25079.

DUBLIN

Leavers, 8 Dawson Street, Dublin. Tel: (0001) 774022.

Lisney & Son, 24 St. Stephen's Gn., Dublin 2. Tel: (0001) 764471. Telex: 5804.

CHANNEL ISLANDS

GUERNSEY

La Fosse Estate Agency, Glategny Chambers, Glategny Esplanade, St. Peter Port, Guernsey. Tel: 0481 21949.

OVERSEAS

CANADA

TORONTO

W. H. Bosley & Co. Ltd., 2025 Yonge Street, Toronto, M4P 2E4. Tel: (416) 486-5770. Telex: 06-23796.

SPAIN

MALAGA

FUENSOL, TORREBLANCA del SOL

Fuengirola Malaga (Costa del Sol). Tel: (952) 461734. Estate Agents, Valuers, Specialists in Villas, Land, Hotels.

Byron House
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PRESTIGE MODERN OFFICES

SQ 9,300 FT TO LET

Completely redecorated
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Freehold warehouse investment for sale — net floor area c.44,000 sq. ft. — site area c.2.13 acres — let to subsidiary of a public company for 30 years from 25.3.77 on a F.R.I. basis at £47,500 p.a.x subject to 5 yearly rent reviews.

COLINDALE, LONDON, NW9

13,800 sq. ft. of first-class modern offices on two floors to let on a F.R.I. basis for a term to be agreed at £62,000 p.a.x subject to 5 yearly rent reviews.

HARROW ROAD, LONDON, W10

8,000 sq. ft. net of new offices on two floors to let on a F.R.I. basis for a term of 20 years at £44,000 p.a.x subject to 5 yearly rent reviews.

SMALL PENSION FUND OR PRIVATE INVESTOR

required for a number of good secondary commercial investments in the South East under £100,000 each.

SAFFRON WALDEN Lacy Scott

PRIME SHOP UNIT FOR SALE

(Until recently part of the former Boots shop)

7, King Street, Saffron Walden

Frontage 23ft. 6ins Ground Floor 628 sq. ft. nett

Other floors 1288 sq. ft. nett (total)

Freehold with Vacant Possession

By Auction 28th June, 1977

Lacy Scott 1, Cornhill, Bury St. Edmunds 0284-63531

Kingswood House

31-32 Cock Lane, London EC1

Entire refurbished office building 4,415 sq ft to let or for sale freehold

Thomas Deal & Partners 01-408 1582

Thorntons 01-248 2262

CARLEKEMP PRIORY SCHOOL

NORTH BERWICK EAST LOTHIAN

(Edinburgh 23 miles)

Distinguished Institutional Property With Development Potential

Tudor-style Mansion House, Priory Block, Lodge and Cottage. 13.2 acres. Suit Headquarters, Training Centre, Residential use, etc. Some building land.

KENNETH RYDEN and PARTNERS
Chartered Surveyors
Residential Department
33 George Street, Edinburgh EH2 2HN
Telephone: 031-225 6208

KNIGHTSBRIDGE

FREEHOLD FOR SALE

Period Office Building with Residential Content

Approx. 20,000 sq. ft.

AYLESFORD

440 Kings Road, London, S.W.10.
Tel: 01-351 2383. Telex: 916048.
Ref: RG.

FREEHOLD SITE

RICHMOND, Surrey

CLOSE TO TOWN CENTRE & STATION

OUTLINE PLANNING PERMISSION FOR 3,000 SQ. FT. OFFICES

3,000 SQ. FT. SHOWROOMS - 15 FLATS

FOR SALE BY TENDER ON 14th JULY 1977

FAREBROTHER ELLIS & CO.
29 Fleet Street, London, EC4 - 01-353 9344

PRIME INDUSTRIAL CORNER SITE

WEST YORKSHIRE

Being surplus to the Company's current expansion plans and long term proposals the Directors of Bat Joinery Ltd. offer their valueble premises and land known as College Mills, 923 Bradford Road, Batley for sale.

Comprising in all about 120,000 sq. ft. of accommodation on 4.8 acres of land, the property has the benefit of over 1,000 feet of main road frontage; some retail permission and various permissions for further development. The site is strategically situated; offers good car parking and access facilities for large vehicles; is within 10 miles of Leeds, Bradford, Huddersfield and Wakefield and about 10 minutes travelling time from both the M1 and M62.

For further details, and permission to view, write to the:

Managing Director
BAT JOINERY LTD.
620 Bradford Road, Batley - Tel: Batley 473643

CLASSIFIED COMMERCIAL PROPERTY

FACTORIES AND WAREHOUSES

BEDFORD

17,000 SQ. FT.

FACTORY & OFFICES

LEASE FOR SALE

£8,850 p.a. Rent payable.

No premium.

Immediate possession.

KILROY
(Commercial)
50, St. Loyes, Bedford
Tel.: 0234 - 50952

NEW WAREHOUSE TO LET

24,100 SQ. FT.

Prominent frontage to

RING ROAD, WORTLEY LEEDS 11.

adjacent to M621

Fully Fitted
Heating and Lighting

Ready for Immediate Occupation

Further particulars from:

WEATHERALL, HOLLIS & GALE,
29 King Street, Leeds LS1 2HP,
Tel: 0532 442066

BARROW-IN-FURNESS. Central Single Storey Industrial/Warehouse 70,000 sq. ft. Good offices. 2 acre site. Ample parking. For Sale or To Let as a Whole or in units. Very Reasonable Price/Rent on application to Sole Agents, Dacre Son & Hartley, 1/5 The Grove, Ilkley, W. Yorks, Tel. 3366.

HAMPSHIRE. Modern heavy industrial unit easily accessible to Southampton and Bournemouth. 4,000 sq. ft. Main workshop doors 20 ft. headroom. Plus good office suites. Freehold for sale or would let. Apply JACKMAN & MASTERS. Lymington. Tel. (0590) 77233.

M3—7 miles from Junction 5. Built 1972. 25,650 sq. ft. with 30,000 sq. ft. parking/loading. Single-storey warehouse and offices with 24 ft. headroom. Rent £15,750 p.a. Premium—Offers Invited. Chestertons, 75 Grosvenor Street, London W1X 0JB. 01-499 0404.

TO LET. Modern Factory, Hayes, Middx. Close London Airport 8,500 sq. ft. 21 year lease £15,000 p.a. 5 year reviews or might sell. Principals only please. Write Box T.4660 Financial Times, 10, Cannon Street, EC4P 4BY.

DULWICH, LONDON, S.E.21. 165,000 sq. ft. Factory/Offices. £275,000 Freehold Price. Tel: 01-734 7701 or 01-379 7451.

ROMFORD. Factory 17,800 sq. ft. to let. Lease 20 years. Reasonable rent Kemsley Whiteley & Ferris. 10 Western Road, Romford. Tel. 44174.

W.1—2,700 SQ. FT. on basement and ground floor. Lease until October, 1986 at £6,850 per annum. Reviews 1970 and 1982.

FOR INVESTMENT

MARINA FOR SALE. 300 berths situated on the world renowned Llangollen Canal. Freehold site £150,000 to include new shop/flat car parking and other amenities. Owners Agents: Lionel Mendoza & Associates, 100 Blatchington Road, Hove, BN3 3YF (0273) 722795.

FREEHOLD OFFICE INVESTMENT producing £5,000 p.a. FRI (new lease) Modern building. Tel: Smith & Co. High Wycombe 33571/2.

PERPETUAL RENTCHARGE for sale, well secured on commercial property. Currently paying £500 p.a. but with an annual review clause giving guaranteed built-in income growth of £45 p.a. (9%). Offers invited for this exceptional freehold growth investment. Kingsford Securities Limited, Welham Hall, Welham, Retford, Nottingham, DN22 0SH.

WANTED

COMMERCIAL INVESTMENTS sought between £15,000 and £500,000 for applicants and clients. Contact GENIS & PARTNERS, 285, Edgware Road, W.2. 01-723 3675.

SHOPS AND OFFICES

PRESTIGE SELF CONTAINED OFFICES

Lease For Assignment Or To Be Let

RICHMOND, SURREY

6,900 Sq. Ft. Approx.

- Lift/Central Heating/Part Double Glazing
- Ample Car Parking
- Excellent Standard Of Decoration
- Close to Public Transport

SOLE AGENTS

A.C. Frost & Co

3, High Street, Windsor, Berks.
Telephone Windsor 54555/8.

CHISWELL ST. EC1.

935 sq. ft.

Ground floor modern offices

Partioned and carpeted throughout.

CLOSE MOORGATE AND FINSBURY SQUARE.

£5,700 p.a. exclusive. No premium. Telephone R. J. Juniper, MCS Robertson & Scott Advertising Ltd., Friendly House, 21-24 Chiswell Street, London EC1Y 4UB. Tel: 01-638 0528.

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OFFICES—17,000 SQ. FT.

TO LET

—AS A WHOLE—OR: IN SEPARATE FLOORS 11,700 SQ. FT. & 5,300 SQ. FT.

Good Access to Heathrow M4 and West End

Available Now

FARR BEDFORD

41 The Broadway W5
01-579 9282

£3 SQ. FT. New Office/Showroom Building Islington. New lease or Freehold available. 7,500 sq. ft. Very good space. James & Jacobs. 930 0261.

BEACONSFIELD. 1,170 sq. ft. self-contained office building with car parking. For sale Freehold. Apply A. C. Frost & Co., 3 High Street, Windsor, Berks. Tel. Windsor 54555/8.

LEAMINGTON SPA. close Town Centre, 2,500 sq. ft. showroom. 4,500 sq. ft. storage, office and car parking. Freehold £55,500. Connells, Aylesbury 24661.

AVAILABLE NOW. Numerous details of West End Offices. Harrison & Partners. 01-486 8121.

FACKBRIDGE, SURREY—24,877 sq. ft. offices to let until March 1983 at under 80p per sq. ft. For details ring 01-336 6351.

COMMERCIAL SERVICES

TELEX THROUGH US—Our Telex No. on your letter-heads for £25 p.a.—Phone Bexley Rapid TLX Services 01-464 7633.

PROPERTY APPOINTMENTS APPEAR TODAY ON PAGE 30

ART GALLERIES

SCULPTURES by Sheoklu of Cape Dorset, and eleven sculptures of Baker Lake. Daily 10-5.30. Sats. 10-1. Victor Waddington, 25 Cork Street, London, W.1.

ROYAL SOCIETY OF BRITISH ARTISTS. 260th Exhibition. The Mall Galleries, The Mall, S.W.1. Mon.-Fri. 10-5; Sats. 10-1. Until 30th June. Adm. 20p.

GILBERT PARR GALLERY, 285, King's Road, Chelsea, S.W.3. DAVID EVANS—New Pictures. "People and Places." Until July 9. Open Tues. Sat. 9.30-5.30.

INTERNATIONAL PROPERTY

DÜSSELDORF

An ideel opportunity to establish a representative office in the EEC at low cost and with a minimum of inconvenience, yet without accepting a long-term commitment.

* Convenient location, close to Intercontinental Hotel.
* 3,600 sq. ft. (354 sq. m.) in nine rooms, plus "en suite" kitchen and toilets.
* Four year lease (option to extend).
* Fixed rent of DM17.57 per sq. m. per month.
* Modern centrally-heeted building with telephone and Telex: Four garage spaces.
* Almost new furniture and fittings et reasonable price.

HOWELL, BROOKS & PARTNERS
Chartered Surveyors
50 FLEET STREET, LONDON EC4Y 1NJ
01-353 6162

COURT OF LAW CAGLIARI

BANKRUPTCY OF SEDIS - SpA -

Large Typographic Editorial Industrial Estate located in Cagliari, Viale Elmas. Km. 3,400, is sold by public auction. The estate covers an area of 18,212 square metres, which is fenced in, and an adjoining area of 8,938 square metres, and consists of the land, building, plant, furniture and implements, described in detail in the survey report and the inventory. The claimed property described in the auction sale order is not included in the sale.

The auction will take place at 9 a.m., 12 July 1977 before the Referee in bankruptcy. Upset price 3,500,000,000 Italian lire. Minimum rise in bids: 5,000,000 Italian lire. The application for the auction is to be filed with the bankruptcy chancery of the Court, Cagliari, within and not later than 12 o'clock a.m., 11 July, 1977, together with the deposit of a sum equal to 25 per cent. of the upset price. Settlement within 45 days of adjudication.

For further information please apply to Civil Court, Cagliari, Bankruptcy Chancery, or to Dr. Sergio Forri, Official Receiver, Via Trento, 94-Cagliari. Tel. 62.795.

(Dr. Franco Galdiero)
Clerk of the Court.

BRAZIL PROPERTY EXECUTIVE will be interested in meeting anyone before he visits Brazil in July. Tel. 01-267 5361.

BUILDING LAND AND SITES

On the Instructions of The Receiver

CHESTER CITY CENTRE

OFFICE DEVELOPMENT SITE

1,530 SQ. YARDS

Detailed Planning Permission

Disclosed Reserve £35,000

AUCTION—12TH JULY, 1977

W. H. ROBINSON

79, Mosley Street,
Manchester, M2 3LP.
(061-228 6411)

PROPERTY FOR SALE

SUITABLE FOR Institutional Use, convalescent Home, Health centre or similar. Large Holiday Hotel—situated in South-West Scotland within easy reach of Glasgow for sale privately. Owner—75 this year—must retire. Fire Precautions costing over £30,000 recently completed. 75 Bedrooms, several Lounges, Offices, Kitchens, etc. Large Car Park. Separate Staff Quarters. Fully furnished and equipped. Freehold. Only £150,000 for quick sale. Please write in confidence to C.O. Box T.4668, Financial Times, 10, Cannon Street, EC4P 4BY.

COMPANY NOTICES

FALCONBRIDGE

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that the directors of Falconbridge Nickel Mines Limited have declared quarterly dividends on the outstanding Class A and Class B shares to shareholders of record June 20, 1977. The dividend on the Class A shares is 25¢ per share payable in Canadian funds on June 30, 1977. The dividend on the Class B shares is 21.25¢ per share payable in Canadian funds on June 30, 1977, plus 3.75¢ per share payable only if Budget Resolution (27) of the March 31, 1977 Federal Budget becomes law on or before December 31, 1978 with effect from on or before June 1, 1977. In this event the further dividend of 3.75¢ per share will be paid on the earliest date after Budget Resolution (27) becomes effective as the President determines to be practical, and the dividend on the Class B shares will be deemed payable out of 1971 capital surplus instead of tax-paid undistributed surplus.

By Order of the Board
J. D. Krane
Secretary

Toronto, Canada
June 1, 1977

UKO INTERNATIONAL LIMITED

NOTICE IS HEREBY GIVEN that the Record Date and Time for preparation of the Final Dividend payable on 12th August 1977, is Monday, 4th July 1977 at noon.

By Order of the Board.
J. F. GITTUS, Secretary.

NCHANGA CONSOLIDATED COPPER MINES LIMITED
(Incorporated in the Republic of Zambia)

NOTICE TO HOLDERS OF 5½ PER CENT. AND 5 PER CENT. REDEEMABLE CUMULATIVE PREFERENCE SHARES

PREFERENCE DIVIDEND No. 16 FOR SIX MONTHS ENDING 30th JUNE, 1977

The Directors of Nchanga Consolidated Copper Mines Limited announce the declaration of a dividend on the 5½ per cent. and 5 per cent. redeemable cumulative preference shares in respect of the six months ending 30th June, 1977 at the rate of 5½ per cent. per annum and 5 per cent. per annum, respectively, less Zambian withholding tax at the rate of 20 per cent., equivalent to a net dividend of 4.4 per cent. per annum and 4 per cent. per annum, respectively. The dividend is payable to preference shareholders registered in the books of the company at the close of business on Monday, 20th June, 1977.

The transfer registers will be closed from 21st to 30th June 1977 both days inclusive and dividend warrants will be posted on or about Thursday, 30th June 1977.

In respect of dividends payable by the London paying agents to preference shareholders whose registered addresses are in the United Kingdom, or to preference shareholders who have mandated payment to addresses in the United Kingdom, there will also be deducted United Kingdom income tax at the rate of 20 per cent. which allows for double taxation relief at 15 per cent. except where authority has been received from the Inspector of Foreign Dividends to pay without such deduction. In all other cases, no United Kingdom income tax will be deducted.

The payment of preference dividends is subject to the Zambian Exchange Control Regulations. The terms of the present regulations are such that the remission of dividends is permitted only at the end of the financial year of the Zambian companies declaring such dividends and is subject to the amount being remitted not exceeding 30 per cent. of the proportion of the net profit attributable to the external shareholders or 10 per cent. of the capital of the company attributable to those shareholders, whichever is the lesser.

The company's last financial year ended on 31st March, 1077 and application will soon be made to the Exchange Control Authorities for permission to pay to shareholders resident outside Zambia preference dividend Nos. 14 and 15 in respect of the six month periods ended 31st December 1976 and 30th June, 1077, respectively.

By Order of the Board.
R. L. [illegible]
Manager and Company Secretary

74, Independence Avenue,
Lusaka, Zambia.
15th June, 1077.

DEAD SEA WORKS LIMITED

5% DEBENTURE STOCK 2000

NOTICE IS HEREBY GIVEN that the 5% Debenture Stock TRANSFER BOOKS of the above-named Company will be closed from the 16th to 30th June, 1977, for the purpose of preparing the Interest Warrants for the interest due to be paid on the 30th June, 1077.

BANK LEUMI (U.K.) LIMITED
London Paying Agents.
A. I. Freedman, Secretary.

4-7 Woodstock Street,
London, W1A 2AF.
14th June, 1077.

CLUBS

EVE, 189 Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45, 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. - NEW STRIPTEASE FLOORSHOW THE GREAT BRITISH STRIP Show at Midnight also 1 a.m. Hostesses. Mon.-Fri. Closed Saturdays. 01-437 6455

BUSINESSES FOR SALE

DONNELLY DUBLIN LIMITED

A unique opportunity to secure a major segment of the bacon industry in Ireland is the offer for sale by tender of Donnelly Dublin Limited, as a going concern. A market leader, famous for its pork and bacon products for over 50 years, the company operates from extensive premises in the heart of Dublin. These are ideally situated to serve both the greater Dublin area and the country as a whole.

The company is also strategically located to service the United Kingdom and continental markets.

FOR SALE BY TENDER AS A GOING CONCERN

On the instructions of Clover Meats Limited.
For sale by tender (unless previously sold)
Entire issued share capital of
Donnelly Dublin Limited
on Thursday 14th July, 1977

Tender documents and any further information available from:

Coopers & Lybrand,
Fitzwilton House, Wilton Place, DUBLIN 2.
Phone 01-760306. Telex 4258.

Solicitors having carriage of sale
McCann Fitzgerald Roche & Dudley,
51 Fitzwilliam Square, DUBLIN 2.

VENEZUELAN METALS BUSINESS FOR SALE

Manufacturing Plant in Metal Fabricating now operating with about 150 people serving fast-growing Venezuelan market. Foundry and working equipment located on about 5 acres with 61,000 squere feet of office and plant space one hour from Caracas. Excellent opportunity for company to enter Venezuele quickly by buying 100% of going business from U.S. subsidiery at price in low seven figures. Reply on letterhead.

Write Box F.543, Financial Times.
10, Cannon Street, EC4P 4BY.

Litho Printing Business for Sale

General commercial printers in greater London, with modern plant, trade currently £½m. with modest profits and spare capacity.

Write Box T.4661, Financial Times,
10 Cannon Street, EC4P 4BY.

By Direction of J. O. Bruce Ltd.

WEST MIDLANDS

EXISTING PLANT LAYOUT FOR SALE

Within Modern Factory

28,000 sq. ft.

TO LET

Lathes, Milling & Drilling machines, Sheet metal machinery, Paint Spraying, Plating facility with Effluent plant.

Apply:
GRIMLEY & SON,
2 St. Philip's Place, Birmingham.
021-236 8236

HOTELS AND LICENSED PREMISES

CHANNEL ISLANDS

Thriving small luxury hotel, with enviable reputation. Fully licensed. 14 bedrooms, 7 with p/bath. Restaurant with dance floor for 80. Two large bars with attractive decor. Fully furnished and equipped to a high standard. £180,000. Freehold. Principals only.

Write Box E.9673, Financial Times, 10, Cannon Street, EC4P 4BY.

ANGLESEY. Superb 2 star Hotel with Bars Restaurant (72), 23 beds (5 p/b), 2 bed. Flat. Car Park. £114,000 T/O F'hold £99,500. S. Philips & Son, 5, King Street Hereford 56161.

BUSINESSES WANTED

COMPANIES WANTED COMPUTER BUREAUX

U.K. Company wishes to purchase a controlling interest in a computer bureau (annual turnover up to £½m.). Please send brief details to:

Box G.153, Financial Times, 10, Cannon Street, EC4P 4BY.

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LEGAL NOTICES

No. 001757 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Group A.
In the Matter of FRIENDS' PROVIDENT LIFE OFFICE and In the Matter of ENGLISH ESTATES ASSURANCE LIMITED and In the Matter of THE INSURANCE COMPANIES ACT, 1974.

NOTICE IS HEREBY GIVEN that a Petition [illegible]

[illegible]

THE SCHEDULE before mentioned
Belfast: Friends' Provident House, 38 Howard Street, Belfast BT1 6PB.
Birmingham: Friends' Provident House, 77 Colmore Row, Birmingham B3 2AS.
Bristol: Friends' Provident House, 27-29 [illegible] Street, Bristol BS1 1HZ.
Cardiff: Friends' Provident House, 15 Windsor Place, Cardiff, CF1 3BZ.
Croydon: Woolwich House, 43 George Street, Croydon CR9 1EH.
Ipswich: Prince House, 13, Princes Street, Ipswich IP1 1PY.
Kingston-upon-Thames: 61 High Street, Kingston-upon-Thames KT1 1LQ.
Leeds: 14 South Parade, Leeds LS1 5QS.
Leicester: Friends' Provident House, De Montfort Street, Leicester LE1 7GE.
Liverpool: 57 Dale Street, Liverpool L2 2NS.
London—City: 7 Birchin Lane, London EC3P 3BA.
London—West End: 4 King Street, St. James's, London SW1Y 6QR.
Manchester: 1 Tib Lane, Manchester M2 4JJ.
Newcastle-on-Tyne: Dorothy House, 4 Neville Street, Newcastle-upon-Tyne NE1 5DN.
Plymouth: Lockyer Street, Plymouth PL1 2QR.
Reading: 175 Friar Street, Reading RG1 1HE.
Southampton: 3 College Place, London Road, Southampton SO9 2AX.
Watford: 21 Clarendon Road, Watford WD1 1LA.

DATED this 9th day of June 1977.
S. W. HEWITT,
Pixham End,
Dorking, Surrey.
Solicitor for the Petitioners.

No. 001784 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of WATERWAYS HOTELS LIMITED and In the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 24th day of May 1977, presented to the said Court by PHILIP COLIN CHADDERTON [illegible]

[illegible]

MAXWELL COULES & CO.,
31, Bedford Street,
London, W.C.2.
Tel: 01-240 0611.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. [illegible]

No. 001763 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MUNAF LIMITED and In the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 24th day of May 1977, presented to the said Court by SANDELL PERKINS LIMITED whose registered office is situate at: Cobtree Wharf, Aylesford, Maidstone, Kent. Timber Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 4th day of July 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3, Bind Court,
Fleet Street,
London EC4A 3DS.
Ref: F/TTH. Tel: 01-353 3311.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 1st day of July 1977.

No. 001795 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of W. J. WESTMORE LIMITED and In the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition [illegible]

[illegible]

BRABY & WALLER,
2/3, Bind Court,
Fleet Street,
London EC4A 3DS.
Solicitors for the Petitioner.

No. 001687 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of J. LIMBERG LIMITED and In the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition [illegible]

[illegible]

SHARPE PRITCHARD & CO.,
108, Kingsway,
London WC2B 6PZ.
Ref: [illegible]
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition [illegible]

No. 001848 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of RAHVALE LIMITED and In the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition [illegible]

[illegible]

BULCRAIG & DAVIS,
6 Henrietta Street,
London WC2E 8QP.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition [illegible]

No. 001782 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of [illegible] LIMITED and In the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition [illegible]

[illegible]

SIDNEY PEARLMAN & GREENE,
[illegible] Buildings,
Lincoln's Inn.
London, WC2A 3XE.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 1st day of July 1977.

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مكتبة الأرشيف

The Management Page

EDITED BY CHRISTOPHER LORENZ

When tradition holds its own against the odds

Massey-Ferguson remains strongly committed to U.K. manufacture despite a history of labour relations problems. Arthur Smith explains why

FOR Mr. Roland Jennings, the 41-year-old managing director of Massey-Ferguson (U.K.), 1977 has so far proved a difficult year.

Work is only now returning to normal after a nine week strike by 1,200 assembly workers at the company's combine harvester plant in Kilmarnock. And that dispute broke out the day employees returned to work after the 11 week strike at the Coventry tractor plant, where in scenes of unprecedented bitterness, workers had erected barricades at the gates and occupied the administration block.

As the head of an operation with a turnover of around £350m. which is one of the nation's leading exporters, and manager of five U.K. plants including the largest tractor production facility in the western world, Mr. Jennings is in a difficult position. For he is also part of the Canadian-based Massey-Ferguson multinational, a highly professional organisation which has resources and flexibility to determine not only its product but how and in which country they can most profitably be manufactured.

At the height of the confrontation at the Banner Lane tractor factory, Mr. Jennings himself pointed out that its future as an assembly operation had to be protected not only from strong foreign and domestic competition but also within the structure of Massey-Ferguson worldwide.

Inevitably during the 11-week strike the trades unions charged that he was trying to import hardline American labour relations practice. Indeed, support for such an assertion can be drawn from the fact that the company tends to veer from prolonged periods of high output and high earnings to a set-piece confrontation and shutdown. In June 1975 a six week strike was only resolved after the company had gone to the high court to end an occupation of the plant, but production quickly returned to normal and output last year was the highest for nearly a decade.

But, in what is clearly a sensitive area, Mr. Jennings is at pains to rebut such ideas. "Things are not controlled from Toronto. The whole philosophy of the corporation is directed towards ensuring the maximum local autonomy. We are not a Ford or a Chrysler where all the strings are pulled from the centre."

As managing director of the U.K. operation he is able to draw upon the advice and expertise of consultants and specialists throughout the Massey-Ferguson operation worldwide. "Undoubtedly, there is a lot of consultation when there is a dispute but it would be wrong to think that decisions are not made here and that we do not show great concern for the local situation, laws, and industrial relations practice."

In line with the corporation's practice of appointing a local national to head foreign operations, Mr. Jennings can amply demonstrate his knowledge of the British business scene. A graduate of the London School of Economics, he spent a period as an income tax inspector before moving to Ford Motors. Joining Massey Ferguson in 1965, he served with the Perkins Engines subsidiary as a general manager in Brazil, and on the staff of the European headquarters in Coventry, before taking over the top U.K. job in 1975.

From his luxury office suite on the 14th floor of the administration block, Mr. Jennings surveys the Banner Lane plant below. He points to buildings where modernisation has taken place and new equipment fitted. He talks with confidence of plans to expand capacity for the site, which provides more than 20 per cent. of Massey-Ferguson's worldwide production of farm tractors.

"There was talk during the strike that we were planning to pull out of the U.K., but there is no question of that," he declares. "We have an ambitious programme to introduce a whole series of new products in the U.K. over the next five years."

But what are the factors that attracted a multinational to Britain in the first place, what are the advantages, and why should it retain such a large presence at a time when the nation's economic performance is so poor?

Britain has developed a tradition for tractor assembly and it is significant that other multinationals, such as Ford and International Harvester, have also chosen to locate their principal European plants here.

Massey-Ferguson has a history of involvement in the U.K. — after all it was the merger in 1953 with Harry Ferguson of Coventry, that provided half the corporation's title. Ferguson, who made a major contribution to the technology of tractors, was loath to get directly involved in manufacture and in 1945 negotiated a long-term agreement with the then Standard Motor Company to assemble his vehicles at Banner Lane.

Following much public controversy Massey-Ferguson eventually acquired the tractor manufacturing facilities of Standard in 1959 — a development which gave the corporation greatly increased control over the manufacture worldwide of its most important product and was to make a major contribution to future growth.

Advantages

To-day Mr. Jennings can list among the advantages of a Coventry base the fact that the company is close to components suppliers, and able to draw upon the engineering expertise of the area. Skilled labour is available and, according to Mr. Jennings, even at Coventry rates, it is among the cheapest in Europe. He points out that, where other countries offer payment either the same or a little less, the on-cost of employing labour is higher. In France, for example, fringe benefits such as insurance contributions and holidays boost the hourly cost by 90 per cent. compared with only 25 per cent. in the U.K.

Such comparisons are simply on hourly rates, not unit labour costs. Indeed this was the fundamental issue at the centre of the 11 week strike and which still remains unresolved. In dispute are the manning and output levels for the assembly of the new 500 series of tractors.

One major advantage which Britain offers to manufacturers is cheap materials. This is certainly true of Massey-Ferguson, which imports less than 5 per cent. of its raw materials and yet exports around 80 per cent. of the finished product — much of it as components for use by other corporation factories. The depreciation of sterling over the past 12 months has encouraged European companies to order increasingly more supplies from the U.K., Mr. Jennings reports.

However, with the resources at its disposal, the obvious policy for the multinational is to develop alternative sources of supply to reduce dependence on any particular nation. This is the strategy followed by Ford and Chrysler but one which British Leyland is clearly unable to adopt.

Following this strategy, Massey-Ferguson increased tractor assembly and manufacturing facilities in France from the late 1950s.

The Beauvais plant, which also produces the new 500 series, has a target output of just over 50,000 for next year but this falls well short of the 90,000 scheduled for Banner Lane.

Mr. Jennings concedes that France may have increased a little in importance compared with Britain over recent years but insists this is not a long term trend.

He stresses that the real importance of complementary facilities is that continuity of supply to distributors can be improved. Thus the French plant will help to make up some of the shortfall in supplies to the U.K. market caused by the prolonged strike and will provide 2,000 of the 11,000 tractors the company expects to sell here this year. "This is purely a measure to keep our distribution network healthy. We have no desire to do it from the cost, industrial relations or source point of view."

Mr. Jennings claims that *Massey-Ferguson has the best* distribution network for farm machinery in the U.K. and Europe and this is a great source of strength to the company.

"When our supply fluctuates this hurts them." Accordingly, in 1975 a programme of new investment in U.K. production facilities was initiated in an effort to make output consistent and meet the backlog of demand. Some £6m. was invested in 1975, £15m. last year, and £12m. has been allocated for the current year.

The impact of the 11-week strike means output this year will be down to 76,000 sets (completed tractors and knocked-down units for assembly overseas) but this is scheduled to rise to more than 90,000 in 1978.

Further capital spending is planned to take capacity to 110,000 units by 1979. Mr. Jennings declares: "We have a commitment to the U.K. Let no one mistake that we see an important future here for Massey-Ferguson."

Roland Jennings, managing director of Massey-Ferguson (U.K.).

Tractor production in Massey-Ferguson's U.K. factories accounts for one quarter of the Canadian-based group's total world output.

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FRIDAY, JUNE 17, 1977

Suarez wins in Spain

SPAIN'S TRANSITION from dictatorship to democracy has gone far more smoothly than most people would have thought possible when General Franco died 19 months ago. There have been many difficult moments — notably in January when a wave of assassinations threatened to throw the Government's liberalisation programme off course, and again in April when the legalisation of the Communist Party came close to provoking a serious blacklash from the Armed Forces. If all has gone according to plan, it is largely thanks to the determination of King Juan Carlos and the political skill of Sr. Adolfo Suarez, his Prime Minister. It is no small achievement that Wednesday's elections were held on time, with a minimum of disruption, despite the underlying regional aod political tensions that still persist in Spanish society.

Conservatism

The election result is a major repndiation of the Franco era and those who would hark back to it. The neo-Francoists, who only a few months ago were hoping for 20 to 30 per cent. of the vote, bave been beaten into a humiliating fourth place by the Communists. Bnt there is clearly still a deep streak of conservatism in the Spanish electorate, particularly in rural areas. By returning Sr. Suarez's Democratic Centre Union as the largest party in the new Cortes, Spain's voters bave ensured thet their new Government will be composed largely of men of the Centre-Right, many of wbom, including the Prime Minister, served under the General.

Although Sr. Suarez will not quite bave an overall majority in the Cortes, it looks as if he will be eble to govern without Coalition partners.

The most important consequence of the elections is thet they sbould give the country a workable Parliament, with the governing Centre-Right balanced by a powerful Socialist Party that will be in a strong position to provide credihle opposition. There are clear signs that this is precisely what the Socialists, under the leadership of Sr. Felipe Gonzalez, were looking for. The Socialists, after an effective campaign, have surged forward in the past few weeks. But they would undoubtedly have been embarrassed if they bad been returned as the largest party. They themselves admit that they lack the experience to form a Government, and a Socialist victory could well have heen too much for the Armed Forces to stomach.

In this respect, the outcome is the result that everyone wanted—except of course the extreme Right. The Communists are likely to see their 20 or so seats, as a solid hase on which to huild their political future after so many years underground. To echieve his victory Sr. Suarez bas had to compromise with the purest democratic principles. The electoral system favours the right-wing rural areas at the expense of the left-leaning cities and industrial regions. The list of 41 Senators appointed by the King clearly shows that the Royal prerogative was used to buy off the Old Guard. But few people are now likely to query Spain'a democratic credentials.

Unemployment

The next problem facing Sr. Suarez is to provide effective Government, perhaps with a new Ministerial team. In the pre-electoral period, the Government declined to tackle either the country's appalling economic difficulties or the explosive issues of Basque and Catalan separatism. With Basque and Catalan Nationalists now represented in Parliament, the pressure on Sr. Suarez to grasp the separatist nettle will be stronger than ever. Inflation, unemployment and the soaring balance of payments deficit can wait for ettention no longer. At the same time a new Constitution has to be drafted. There are still powerful forces in Spein who will be ready to argue that the democratic experiment has failed if the first elected Government for 41 years proves incapable of solving the country's problems.

Current balance strong

The April trade figures were so remarkably good that the outcome for May looks slightly disappointing in comparison. But we can now afford to look at these monthly fluctuations with a proper equanimity and to note that the difference between the April and May results was mainly due to erratic movements in oil shipments, unlikely to be of any lasting significance. The trade deficit for the last three months as a whole is a third smaller than the deficit for the preceding three, which—after making allowance for a fairly buoyant net income from invisibles, especially tourism—leaves the current account as a whole in surplus.

Month-to-month fluctuations apart, according to the Bank of England, the account should remain in surplus "for a considerable time." The main reason for this unusual and bappy state of affairs is that the outpnt of oil from the North Sea is now making a substantial contribution to the current balance. The oil account as a whole is complicated by imports of equipment, associated investment inflows and subsequent interest and profit outflows. But physical output of oil, which is expected to meet half domestic requirements by the end of the year and the whole of them by 1980, is likely to be ahout four times larger in 1977 than in 1976 and the benefit to the visible balance this year is likely to be between £2.5bn. and £3.5bn.

Export share

If it were not for North Sea oil, of course, the immediate trade picture would look considerably less encouraging, mainly because of relatively slow growth in our main export markets. But the volume of exports in March/May was 4½ per cent. higher than in the previous three months — machinery and textiles were the laggard sectors—and the Bank estimates that the U.K. share of export markets bas probably grown in recent months. Moreover, export ... have been moving up et much the sama rate as import prices for some time past, partly because a larger proportion of exports than in the past —it is officially put et over a quarter—is now involced in foreign currency.

On the other side of the account, the volume of most categories of imports—motor vehicles is one conspicuous exception—has been falling. In the case of oil, the growth of North Sea production and some run-down of stocks is the main explanation. In the case of industrial raw materials and semi-manufactures, the main explanation is the stagnetion of domestic output, reflected again in the latest index of industrial production; even imports of finisbed manufactures are slightly lower. But this is essentially a temporary pbenomenon. As the economy moves out of recession, imports will move up again. Raw materials apart, moreovar, it is at least possible that the growing tendency to import more finished manufactures has been increased still more by tha relative sluggishness of capital investment in this country.

Exchange rate

Now that the balance of payments seems set to remain in surplus for soma time, the main immediate interest of the trade figures lies in their implicetions for prices and employment at home. The effect on import prices of last year's run on sterling is still sufficiently recent for it to be unlikely that Ministers will overlook the implications of exchange rate policy for the control of inflation. On the other hand, the fears expressed by some businessmen that a payments surplus due mainly to oil would push the exchange rate to e level et which exports would become uncompetitive do not et present seem particularly realistic. For the time being, at any rate, the policy of holding the exchange rate reasonably steady looks like being maintained.

The controversy about the uranium club

By DAVID BELL in Washington and STEWART FLEMING in New York

EVIDENCE is emerging in the U.S. courts and a Congressional committee that the Governments of Canada, France, South Africa, and Australia, together with leading uranium producers such as Rio Tinto Zinc, supported the establishment of a uranium prodncers cartel or clnh in 1972.

The purpose of the cartel was to fix minimum prices and quotas. The U.S. was to be excluded from the impact of the cartel, although it was not involved in its formation, mainly because it had imposed an emhargo on foreign uranium imports. The member countries were also excluded.

First evidence of the existence of the cartel began to emerge a year ago, when an Australian environmental group obtained what it claimed were internal memoranda of the Mary Kathleen Uranium company, which, it was alleged, outlined the workings of the arrangement. When the documents reached the U.S. Justice Department it began its own investigations into the allegations as a result of which Gulf Oil, the U.S. energy company, faces the prospect of an anti-trust suit.

Westinghouse Electric, which huilds nuclear power stations, last year mounted its own attack through the U.S. courts, arguing that the cartel had forced up the price of uranium and contributed to potentially disastrous losses of $2.5bn. which the company faced. Westinghouse had agreed to supply uranium to electric ntilities without covering itself through matching purchases. In 1975 the company invoked the uniform commercial code to go beck on the supply contracts and now is involved in lawsuits brought by utilities seeking compensation.

It was largely as a result of the Westinghouse suit that documents linking Gulf Minerals Canada, a Gulf subsidiary, with the cartel, began to appear in public. Earlier this year an inquiry into the alleged involvement of Gulf by a committee of the New York State Assembly led Gulf to publish e 70-page memorandum about its association with the cartel. The memorandum provided more evidence ebout the cartel, and now, edditional Gulf documents, and documents of other corporations, are being published in Washington. In its brief ebout Gulf Minerals Canada, Gulf Oil says: "In 1972 Gulf Minerals Canada was directed by the Government of Canada to participate with all other Canadian uranium producers in a marketing arrangement formed by the Governments and producers of Canada, France, Australia and Sonth Africa."

Tha revelations now appearing are rich in irony, but also raise fundamental issues about the relationship between gnvernments and free markets in the energy sector and elsewhere. It is ironic that in 1972, even as the much abused Organisation of Petrolenm Exporting Countries was flexing its muscles, these Western Governments and corporations should secretly be forming their own cartel covering another energy source.

It is ironic, too, that even as Rio Tinto Zinc is making submissions to a U.S. judge in London that it cannot be required to give evidence about the cartel since it might he self incriminating, docnments are being released to the American public which clearly suggest that RTZ and its international subsidiaries were a key element in the cartel. According to Gulf Oil's published memorandum the cartel was officially known by the innocuous sounding title of "Uranium Marketing Research Organisation." It was also known as "The Clnh," Gulf says.

European businessmen may greet the revelations with a certain old world nonchalance. The reaction in the U.S. Congress is likely to be mnch less accommodating. The American pnhlic bas not enjoyed, as it sees it, being held to ransom by the OPEC oil cartel, and will not look kindly upon the countries and companies which have been cartelising another important source of energy, which the U.S. may need to import in the next decade.

According to Gulf Oil the documents which it is heing required to publish "Would be potentially embarrassing to the foreign Governments involved in such transactions." It is not surprising therefore that the House of Representatives subcommittee on oversight and investigation bas so far resisted releasing the whole three foot high pile of evidence which it bas subpoaened.

One source of embarrassment to the cartel members is simply the sheer secrecy of the operation. At least OPEC made no secret of its activities. Then there is the members' stance on other policy issues relating to commodity markets: it will be hard for those now seen to have secretly formed e uranium cartel to argue the merits of the free market with producers of other important commodities, especially those in the Third World.

For Gulf itself the affair is embarrassing, especially after last year's troubles in which Mr. Bob Dorsey, then chairman, was obliged to resign after Gulf's involvement in slush funds and improper political contributions had been disclosed. Mr. Dorsey was succeeded by the present chairman, Mr. Jerry McAfee, who was clearly expected to improve the image of the company's top management.

Mr. McAfee, while president of Gulf Oil Canada, was "advised" of the involvement of a subsidiary, Gulf Minerals Canada, in the cartel. Gulf is stressing that Mr. McAfee was not involved in any of the cartel's meetings.

The release of the documents in Washington and the testimony which the oversight subcommittee of the House commerce committee is now taking about the operation of the cartel follows over a year's work by the subcommittee.

The evidence suggests that the basic concern which led to the creation of the cartel in 1972 was that through the 1970s there would be an oversupply of uranium which would tend to depress the price to around the 1972 level of $8 a pound. That price barely covered production costs. The Canadian Government had already been stockpiling the metal because of the low world price.

A key memorandum released in Washington is from Mr. N. Ediger, a Vice President and manager of Gulf Minerals Canada. It is dated February 1972. In it Ediger says that he was summoned by the Canadian Ministry of Energy Mines and Resources and told that Mr. Jack Austin, the Deputy Minister, was holding a meeting on February 16 to review a meeting of Febrnary 7 and 8, 1972 in Paris between "uranium producers at one level and Governments at another." Mr Ediger says thet the aim of the meeting in Paris, according to Austin, was to see whether all concerned could agree "on e formule whereby they could satisfy the free world demand (outside the U.S.) for the period through to the end of 1977 in an orderly fashion."

Mr Ediger says that the meeting was attended by Uranium Canada (UCAN) and Eldorado Nucleer (both Government-controlled Canadian concerns); Denison Mines, a leading Canadian uranium producer, Rio Algom Mines, Rio Tinto Zinc's Canadian subsidiary, Uranex from France, and Nufcor from South Africa.

Mr. Ediger says that he expressed concern about being represented at Mr. Austin's meeting of Canadian prodncers on February 15, but he did attend. Mr. Ediger's memorandum then reports that Mr. Gordon McNebb, now e Canadian Deputy Minister, and president of UCAN, reporting on the Paris meeting on February 7 and 8, recorded that those present agreed that from 1972 to 1977 supply would ontrun demand "by at least fonr times." As e result there was a consensus in Paris that the Uranium floor price shonld be fixed et $6.25 a ponnd for Europe and 50 cents higher for Japan.

Another key document which the Washington committee has disclosed is e Canadian memorandum summarising a meeting of international uraninm prodncers in Paris on April 20 and 21, 1972, written by Mr. J. C. Runnalls, now Executive Vice President of the Government-controlled UCAN.

It lists as present et the meeting representatives of Uranex (France) Nufcor (South Africa), RTZ, Rossing and Palabora Electrolytic Zinc of Australia, EZ Company, Peko Wallsend, Ucan, Denison Mines, Rio Algom, Eldorado Nuclear, Gulf Minerals, Canada and a representetive of the French Atomic Energy Commission. It is clear from the documents that there were differing views on implementing the agreement, including those expressed by Gulf Oil.

The memorandnm reports that at one stage after much ergument end little agreement Mr. R. Wright of RTZ remarks that "The meeting has reeched the stage where it would gledden the hearts of all ntility executives." According to the memorandum agreement is reached in a preliminary way that there will be no fixed price bids after 1978 but only reference to the prevailing world market price, no bids for dellvery beginning after 1978, and present bids would run nntil expiry, Johannesburg is selected as the site for the next meeting which takes place on May 29 and 30.

In Johannesburg en operating committee for the cartel is set up, and the Washington documents contain an account of a meeting of this committee in Cannes in July 1972. These note thet the secretariat of the uranium agreement should be set up inside the French Atomic Energy Commission (CEA) building, and that the secretary should be Mr. André Petit—who was an assistant to the head of the French Atomic Energy Commission.

From the security aspect it was thought convenient that M. Petit should be "buried" inside the large CEA headquarters building, the minutes say.

By 1975 it was rapidly becoming apparent that the need for a cartel was waning as the price of uranium on world markets rocketed. According to the Gulf memorandum the price rose on the spot market from $6.50 in December 1972 to $15 in December 1974, $35.20 in December 1975, and $41 in September 1976.

It was this increase in price which exposed Westinghouse Electric so severely that its Chairman, Mr. Robert E. Kirby has remarked in court that its uranium supply contracts "begin to attack the viability of the corporation." Westinghouse had gambled between 1966 and 1973 that the uranium price would stay low and agreed to supply utilities with 67m. pounds over 20 years a an average price of $t9.50 a pound. But the company gambled in not assuring itself of snpplies at this price. The rising price led to the company incurring an uncovered liability of $2.5bn.

Westinghouse has argued that the cartel and "price fixing arrangements involving 29 uranium producers including some in the U.S. contributed to this price rise which forced the company in 1975 to cancel these contracts, arguing that it could not meet the commitments because of commercial impracticability. But Gulf argues that one of the factors contributing to the price increase was Westinghouse's exposed position which forced the utilities and the company aggressively to seek uranium supplies.

Westinghouse also complains that the uranium producers discriminated against it by refusing to sell to it or agreeing to sell only at prices and terms which they knew and intended to be unacceptable.

A memorandum released by the committee in Washington from Mr. Runnalls of UCAN relating a meeting of Canadian uranium producers on September 5, 1972, refers back to the meeting of the operating committee in Cannes in July of that year. The memorandum reports that there was discussion in Cannes of the Westinghouse issue and that the consensus "was finally reached that if the Cluh was to survive as a viable entity, it would be necessary to delineate where the competition was and the nature of its strength as a prelude to eliminating it once and for all."

THE URANIUM INSTITUTE

BY DAVID FISHLOCK

THE URANIUM Institute came into existence two years ago this month, as a think-tank set up to study questions of uranium supply and demand. The uranium producers had discussed the idea of some such forecasting body for about 15 years, but it was given urgency hy the OPEC oil price increases of 1973 and the expected surge in demand for uranium.

To set up the institute, Rio Tinto-Zinc and a group of Australian, Canadian, French and South African uranium producers recruited in 1974 Mr. Terry Price, a nnclear physicist and former government scientist who, in the 1960s, had set up a think-tank for the Ministry of Defence. Early in 1975 an article in the U.S. business magazine Forbes entitled "It worked for the Arabs . . ." alleged that the producers had been meeting secretly since 1972 and hinted darkly at threats of a "uranium OPEC."

Faced with the spectre of U.S. anti-trust law, U.S. producers promptly lost interest. They are sitting on 50 per cent. of the world's uranium reserves. Prodncers outside the U.S. began to think hard about the advantages of having their customers in the think-tank. They recruited utilities and nuclear fuel companies as associate members. By January last year they were being admitted as full members.

On Wednesday, under an order from the British High Court requiring the Uranium Institute to give evidence before a U.S. judge at the U.S. Embassy in London, Mr. Price stated that his institute was different from the informal "clnb" meetings that preceded his recruitment. The institute inclndes a number of large uranium consumers such as the Central Electricity Generating Board, Electricité de France, and Tokyo Electric Power. They would hardly join or remain in a club designed to try to fix prices and quotas.

Although few trade associations attempt forecasting—for anti-trust reasons—forecasting is a sine qua non for the uranium industry. The market is fraught with massive technical and social uncertainties, where history has no useful guidance to offer. Simply to add up official estimates of the fuel needs of nuclear reactors expected on-line in 1990 would give no useful data on what the uranium market might be for mining companies expected to make billion-dollar investments 10-15 years ahead.

In London next week the Uranium Institute will be holding its second annual meeting. In the aftermath of President Carter's energy policy proposals, with the dependence they place on abundant uranium reserves, there is greater urgency than ever for a genuine effort to resolve some of the nncertainties of supply and demand.

MEN AND MATTERS

Italians enquire in the City

The most potentially enlightening part of a two day visit to the Stock Exchange and other City Institutions hy members of tha Italian Senate Committee of Enquiry on tha Italian Stock Exchange could come this afternoon when they visit Hambros.

It should ha particularly interesting for the Communist senators present, one of whom, Senator Pietro Pinna, explained that the main purpose of the enquiry, from the communist point of view, was to learn how to defend aavings against the sort of bourse speculation associated with operators like the Sicilian financier Michele Sindona who fled to New York three years ago after the collapsa of his financial empire.

Hambros were, of course, closely counected with Sindona in the unsuccessful attempt in 1971 to take over control of Bastogi, at that time one of the key Italian financial institutions, through the first ever pnblic tender offer made on the Italian stock exchange.

The failure of that attempt, principally through the opposition of the then Governor of the Bank of Italy Guido Carli and Enrico Cuccia of Mediobanca, severely dented Hambros' image and led to the subsequent decision to reduce its direct Italian involvement.

Such excitements are, however, now a thing of tha past and the Italian bourses have continued to decline steadily since then to a point where share valnes are now around one third of their peak 1961 levels.

The causes are entirely domestic: discriminatory tax legislation, inadequate company law and disclosure practices, a narrow market and the sheer low profitability of most qnoted companies. Bnt tackling these problems is fraught with all kinds of political and economic complications.

Which is why the senators and stock exchange experts—which inclnde Nino Andreatta, the owlish, pipe-smoking university professor who is now a Christian Democrat senator and a leading economic adviser to the Government, and Urbano Aletti, another senator who, as president of the Milan Stock Exchange brought in several technical reforms, are currently in London, rather than Rome or Milan, to inquire into the state of the Italian stock exchange.

Legal history

Judge Robert Merhige of the U.S. district court for the Eastern District of Virginia, who spent most of yesterday bearing evidence on the alleged Uranium Cartel at the U.S. Embassy in Grosvenor Square, has made history in a small way by being the first U.S. federal judge to bold court in tha Embassy.

To make sure that this event be recorded for posterity, Embassy staff presented Merhige, a rather small, sprightly man in his fifties, with a certificate to this effect.

The proceedings have been taking place in the Embassy conference room with Merhige flanked by ex-Senator Spong, Dean of the William and Mary National Law School, and lawyers from Linklaters, representing RTZ, and Freshfields representing Westinghouse. To-day's evidence was heard in camera.

But Merhage is not the only man to have established a precedent. RTZ chairman Sir Mark Turner bas become the first British company chairman to plead the fifth amendment and deputy chairman Lord Shackleton of Burley has become the first peer of the realm to do the same. The fifth amendment refers to the citizen's constitutional right to avoid self-incrimination and is more commonly associated in the public mind with the trials of presumed Mafia bosses rather than investigations into the business affairs of foreign companies.

"The PM is livid! He says to preserve political balance we should have appointed a Tory!"

Benefit of clergy

THE erosion of pay differentials is not only a highly charged subject in British factories—it also promises to become a major point of controversy at the forthcoming General Synod of the Church of England.

A document drawn up by the Church Commissioners calls for a halt to the steady erosion of the clergy's stipend differentials.

The report is only indirectly related to Phase One and Two, however. The commissioners, delving into theological arguments thrown up by the New Testament and investigating stipend rates as far hack as 1835 have been looking at the prohlem in a "historical" context.

The difference between the average income of diocesan hishops and the average of all clergy 140 years ago was 16 to 1. Now it is only 2 to 1 and the commissioners say the rot must stop.

Their working party rejected the idea of having a strong "needs" element in the stipend hased on family size, and local living costs partly because of organisational difficulties but also biblical evidence which apparently shows this to be no more Christian than other pay methods.

Instead the Commissioners have plumped for adequate minimum stipends (currently ranged between £1,730 for soma assistant curates to £9,628 for the Archbishop of Canterbury) for the Church's 12,000 clergy as well as reimbursement of working expenses.

The First Church Estates Commissioner, Sir Ronald Harris, said yesterday there was likely to be a lively debate in the Synod. There is a vociferous "egalitarian" lobby which would prefer to see the differentials whittled eway to virtually nothing.

The Commission's annual income is more than £37m., but it will bave to pay employers' national insurance contribntions for clergy for the first time next year (estimated cost £1¼m.), together with higher pension payments.

Higher direct contributions from local parishes and dioceses, which provide around a third of stipends, are the key therefore to higher pay, pay policy permitting of course.

Observer

The dangers which beset the Government

OW LONG can the Government survive? The question has een an insistent one for onths, but it is at last becomg corrosive as well. Of course ere is nothing in the constituon that says a government ust rush about the stage passg legislation, and some of the ies from the Conservative side out the Government's npotence and lack of grasp are ghly suspect. There is a large ement of hypocrisy in a posion which on the one hand mplains about "elective dictorship" and proposes radical medies such as proportional presentation, coalition govnment, and the encourageent of strong, independent ckbenchers in order to limit and yet, when some of these fects occur, screams are heard at the government is too weak run the country. The truth that Conservatives just do t like socalist government; d curbing it becomes less portant when they think they n get rid of it altogether.

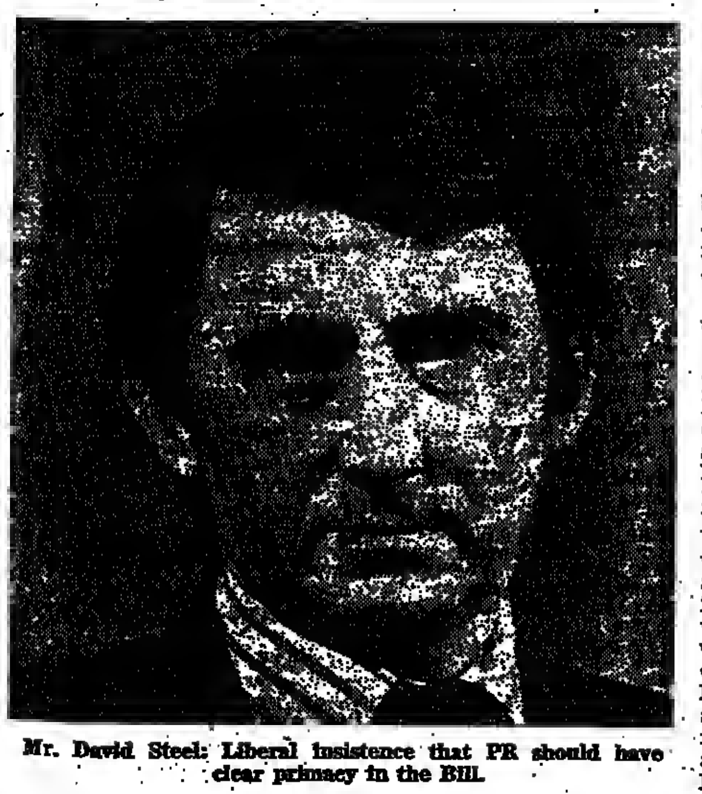
Yet, when all this is said, the actical effect of a long period which the Government nnot do more than simply minister, if a cumulative osion of its position. I doubt ether this extends to the neral public—and the fact at the latest Gallup Poll ows a halving of the Conservave lead to just over 10 per nt. in a month provides some nfirmation of this. Where it es real damage is in the ministration itself, particuly the Civil Service, and nong Government backnchers. In the first case e sease, rather like "planning ght" spreads across the hitehall landscape. The levelopers" are hedging their ts and policy begins to take on an increasingly tatty appearance.

In the case of the backbenchers it is more a question of boredom and despair. People do not go into politics as a mere spectator sport. They have ideas and ideals and they wish to have at least an illusion that they are contributing to a process that will further their ends. A long freeze in the situation leads to mounting frustration and a desire to lash out and recapture some sense of movement even if it means loss of power.

Mavericks

There are now signs that this process is setting in on both sides of the Labour Party. Mrs. Audrey Wise and Mr. Jeff Rooker, the two rebels who have caused so much havoc in the Finance Bill Committee this week, cannot exactly be described as the weightiest and most influential of Labour backbenchers. They are left-wing mavericks and their actions, far from being popular, as they claim, are in fact frowned upon even by many members of the Tribune Group. But their frame of mind is symptomatic not merely of the temptations of the Left, but of what one might call the maverick Right and even of some members of the Cabinet. There comes a point when people's minds start to turn to their propaganda positions in the next phase after the general election, when "real politics" becomes possible again.

At present these temptations are counteracted, and indeed overwhelmed for the most part, by other prudential considerations. A general election in which Labour went down to a massive defeat—as is very likely this summer or early autumn—might be advantageous to the Left as a whole. The experience of 1970 to 1974 suggests that the influence of



Mr. David Steel: Liberal insistence that PR should have clear primacy in the Bill.

left-wing constituency parties and left-wing trade union leaders would probably be enhanced, in revulsion against the manifest failures of a centrist government. But individual left-wingers cannot necessarily afford to take this philosophical view.

The tide of history is not much good if it leaves you personally on the rocks. Many of the left-wingers who scraped in in the two 1974 elections would be stranded by a Conservative landslide. Even Mr. Wedgwood Benn has to take account of this unpleasant fact, since in October 1974 he failed to secure an overall majority, and if the Liberals collapsed he might be in serious trouble. Of course, he would be rapidly re-adopted in a safer seat, but by that time a new party leader would probably have been elected without his assistance or participation.

In other words the conscious position of the majority of the Left at present is that the Government should be sustained but that the possibility of imminent collapse would be hedged against by the maximum rhetorical dissociation from Government policies. The Right, which fears the overall effect of a defeat is equally boxed in. But with the Government living on its present tiny margin it only needs one or two "nutters" (to quote an eminent Cabinet Minister) to bring the whole edifice down; and with every crisis, major or minor, that occurs, the chances of nuttery increase.

It is against this background that the present drama over direct elections to the European Parliament is being played out. Everybody involved (with the obvious exception of the Conservatives) wants it all to end happily for the Government. In principle, the Left is prepared to put up with a direct elections bill if that is the only thing that will keep the Lib-Lab pact alive and therefore the Government in office. The Liberals don't want a general election, in which they might easily be obliterated. And the Prime Minister and the Labour Right are not going to cram the pure milk of European idealism down anyone's throat—the Prime Minister because he doesn't relish it himself and the Labour pro-Europeans because they know that the majority of their party in the country is anti-Market.

Thus the smell of compromise has been in the air from the beginning. The trouble is that with everybody protecting their post-election positions and nobody quite knowing how far the "nutters" might push them, the possibility of miscalculation has been horrendous. The row in the Cabinet (which nearly all took place, incidentally, before the Jubilee recess) almost ended in the resignations of Mr. Foot and Mr. Shore. They were absolutely determined that their public opposition to the EEC should be fully maintained while the Prime Minister was equally determined that his authority and the cohesion of the Government *should not be destroyed.*

It is a fair bet that three months ago the Prime Minister could have got away with no greater concession than that the Anti-Marketeers should be allowed to abstain on the second reading of the Bill. It is a sign of the deterioration of the overall situation that he has had to go one step further and allow the free vote. The Left has drawn back from the brink of demanding a right to campaign through the country, but it might easily have pushed its luck too far and caused Mr. Callaghan (who has shown signs, for the first time during his Prime Ministership, of getting really rattled in this crisis) to pull down the pillars of the temple.

The same applies to the Liberals. A few weeks ago, they would probably have settled for a two-option Bill coupled with a clear statement that the Prime Minister and the majority of the Cabinet were in favour of proportional representation. During the past week they have been insisting that the PR system should have clear primacy in the Bill. It is not yet clear how far the Government has moved to meet this demand at the last moment. What is clear is that positions on both sides have been slithering about, that tempers have been rising and that there have been at least one or two moments when the pact has looked like breaking down. It may still do so, though I think it probably won't—at any rate on direct elections. But the point is that the growing assumption that the Government cannot solve its difficulties, and therefore cannot survive for very long, is affecting its ability to solve its difficulties and therefore to survive.

As it happens, I do not believe that this process has yet reached tha critical stage. If the government can survive until October, there seems to me a fair chance of its surviving until next spring. And if it survives till next spring, it could probably survive till the autumn of 1978 or even the spring of 1979—though Mr. Callaghan might be wise to choose the option of going to the country next May while the economic situation was relatively cheerful.

Farcical

The question, therefore, is what happens in the next three or four months, and, as I have indicated, this is going to be very largely a question of psychology and therefore of propaganda. If the Conservatives can beat the Government often enough in the House of Commons, if only on minor issues, this will have a powerful effect. It will enable the Opposition to portray the survival of Labour as more and more farcical; and that will presumably affect both the opinion polls and the morale of Labour backbenchers, thus intensifying the present tendency to look beyond the next election. This, in turn, will tempt more and more Labour rebels to run for safety and abandon the Government to its fate.

It is not at all certain that the Conservatives can bring this result about, particularly since the direct elections bill will be the main field of Parliamentary action during this period. There are too many Conservatives who feel even more strongly about the issue than they do about the removal of the Government. The critical test is therefore likely to be extra-parliamentary. If the Government totally fails to get any agreement with the trade unions on Phase Three of the incomes policy, it will not simply be laying up economic trouble for itself later in the autumn, it will actually be demonstrating in a way that a hundred parliamentary defeats cannot, that it cannot impose its will upon events.

To some extent this test has been self-instituted. If Mr. Healey and the Prime Minister had not been so insistent that a "fig leaf" will not suffice, they might have been able to get away with full frontal failure. As it is, they are condemned to getting something which will still look decent even after the Conservatives and the monetarist commentators have finished tearing at it. From what I gather the Prime Minister is well aware of this fact, and while he is said to have lost some sleep over direct elections, the Phase Three negotiations are a perpetual nightmare. The direct elections saga will continue during the coming weeks, but it is on the wages front that the Government will win or lose.

Letters to the Editor

Democracy at work

From The Director-General, Institute of Directors.

Sir,—John Elliott's article (June 10) clearly demonstrates "industrial democracy" is ng introduced in the nationalindustries by stealth and ler Government pressure, as se industries are pressed to e up with their own brands employee participation.

These manoeuvres make the re remarkable the Governt's coy reticence over pubing and inviting comment n the report of Mr. Alan d's committee on "industrial ocracy" in the public sector, report due for publication at same time as Lord Bullock's brated document, but which yet to appear.

With that in mind, is it not ic that:—(a) in the Lords February 9 Lord Peart should e promised consultation and public debate on the Lord mittee's report before publion of a White Paper while in the Commons three nths later on May 9 Mr. Joel nett should have declared the report will neither be lished nor debated before islative proposals—in other ds, a White Paper—are ught forward in this session? he Government's rejection of sultation and participation in formulation of policy in a ite Paper propounding those y principles makes a mockery only of "open Government," of the very legislation it is ing to enact.

wo questions therefore deod answers: 1—Why did the vernment not publish simuleously, as it promised it ild, the Lord and Bullock orts? 2—Why is the public tor to be allowed to experit with formulae for ployee participation, while Government argues that the rate sector should not enjoy t privilege?

Hildreth.

Belgrave Square, S.W.1.

Swanning around

m Mr. E. Myatt.

r,—I was interested to read . Young's article (June 11) his Swan's cruise, and Dr. s's letter (June 15) about er eriences. My wife and I were he same cruise as the former or of your arts pages and happy memories of his ting out lesser known rches as we landed at Venice ur last day.

ndeed, all our memories are py ones and I was surprised be tone of Dr. Ross's letter ber suggestion that she was only person under a hundred board. To me her letter ns to confuse two factors— and the merits or otherwise haring a cabin.

s for the first, my wife and ould comfortably fit into her ription of "under 50." We lly noticed the age of our panions. I suppose some of n were grey haired, but fit, y and excellent company. y also possessed a great fund nowledge of Greece that we delighted to absorb. I can hope they found us unger" members equally rtaining.

cabins, old hands tell me this is the most unimportant of the trip. After all no s' cabin compares with home, one spend little time there. art is to pay as little as ible for your cabin, since you y all the other amenities ever your bunk may be. still get from Piraeus to s while you sleep and can y another glorious day in ce.

hile on the subject of sharing, Dr. Ross might have told another story about Swans. No tables are booked for any meals, so that each meal is a time for meeting new friends and this adds greatly to one's interest and pleasure.

One final point in a business journal. Swans (Hellenic) is, I believe, now part of the Trust Houses Forte Group, although still administered down to the last detail by the original founders. All praise to Sir Charles Forte for accommodating this little gem in his empire and to Kenneth Swan and Dorian Goodricke for running it in such inimitable fashion. We are now saving for a Nile Cruise in 1980!

Edward Myatt.

15, Christopher Street, E.C.2.

NALGO at the crossroads

From Mr. A. White.

Sir,—As a National and Local Government Officers' Association member of some 17 years' standing and also as the deputy borough treasurer of a local authority, may I suggest that it is naive in the extreme for NALGO to continually bury its head in the sand and bleat over the cut back in local services necessitated by national economic problems. Any loss of jobs in the local government sector, provided it is not occasioned by compulsory redundancy, will be unlikely to stir the passions of all but a tiny minority of local government officers—particularly as we all know that the only really effective way of cutting local government costs is to reduce the labour force.

Natural wastage in local government is so enormous that it can surely provide the savings that we need to achieve to continue to comply with central Government policies, and I believe that effective and imaginative reorganisation of the remaining staff resource could minimise the contraction of services at their point of delivery to the public.

As a final and totally selfish point of view—which is probably shared by most other local government officers—if reduction of the labour force is the only way in which I can have a meaningful pay award in 1978—please lead me to the hatchets.

A. A. White.

115, Congleton Road, Sandbach, Cheshire.

Work fund theory

From Mr. P. Massey.

Sir,—Mr. Pa[illegible]ountain (June 10) asks what wo[illegible]d be the level of unemployment [illegible] everybody worked as hard as [illegible]eir grandfathers? Surely it would be negligible. The work fund theory ("there is only so much work to go round") is responsible for most of our present discontents.

Philip Massey.

Homelea,
Grove Road, Tring,
Hertfordshire.

Transferring unions

From the General Secretary, Association of Professional, Executive, Clerical and Computer Staff.

Sir,—I was glad to see that John Lyons, the general secretary of the Electrical Power Engineers' Association, replied (May 26) to my letter on transferring unions but I regret that he has not taken the elementary step of checking with the TUC as to the authority of the general council in restricting recruitment in aerospace and shipbuilding to member unions which already have an interest in the industries.

Having checked with the TUC I am assured that this decision of the general council is binding on unions and requires unions with no history of membership in these two industries not to seek to represent staff or negotiate for them in aerospace or shipbuilding.

Already the staffs concerned are freely opting for the Association of Professional, Executive, Clerical and Computer Staff to represent them. Already the members of the Association of Managerial Employees at Hawker Siddeley Aircraft, Brough, have voted decisively to become a section of APEX. The staff concerned had considered the attractions of other unions, including the EPEA, but decided by decisive 81 per cent. vote that APEX was the best equipped to represent them as management in the aerospace industry.

In the shipbuilding industry APEX has developed a growing membership among management members and claims have been submitted at a number of companies for full negotiating rights on behalf of our members. I am satisfied that we and the other Confederation of Shipbuilding and Engineering Unions concerned will be able to secure effective negotiating rights for our members in this industry.

Roy A. Grantham,

22, Worple Road, S.W.19.

Encourage the small firm

From the Managing Director, Bell Products.

Sir,—In his letter of June 2 Mr. Jackson makes the point that experienced businessmen working with large companies might be seconded part-time to noncompeting small companies. Having spent some 20 years with several very large companies I agree entirely with Mr. Jackson that there are many talented middle managers in such companies who are frustrated by a lack of opportunity to develop their business skills. Like Mr. Hutchinson, however, in his letter of June 11 I would question whether such people would readily be accepted as directors of smaller firms on a part-time basis.

May I, therefore, suggest that this under-utilised and often under-rewarded talent might be encouraged in another way. Most successful companies have grown from small beginnings due to the efforts of one or more entrepreneurs. We still have tremendous entrepreneural talent in this country and much of this is to be found among the people to whom Mr. Jackson referred in his letter. We need to find a way to encourage these people to use their talents more productively by helping them to establish new businesses rather than stagnating or, alternatively, taking their skills abroad. The problem is nearly always one of finance. I would suggest, therefore, that perhaps the banks and other financial institutions, the Government and even the large companies might do more to help such people become established in their own business.

I write with some experience, having started my own company some six years ago in a field in which I had not previously been involved. We are still very small indeed but, with the help of our bank, we now achieve a turnover in excess of £50,000 per annum per employee, saving the country, I believe, at least £½m. in imported products every year. There must be many such examples throughout the U.K. and perhaps if more encouragement could be given to the really small firm many more workers would enjoy greater job satisfaction and the nation would achieve greater industrial and commercial success.

Peter J. Bell,

7, Southdown Road, Harpenden, Hertfordshire.

Current cost accounting

From Mr. J. Noyes.

Sir,—I write with reference to your report "Accountants hit at current cost dissidents" of June 10.

I do not believe that current cost accounting has been accepted by the majority of accountants, government tax departments and much of industry and commerce. Most of my colleagues in the accounting profession that I speak to do not agree with the proposals of the Sandilands committee. We realise that, if a business is to be regarded as a going concern, there is little significance in the market values of its fixed assets, since they are not to be sold. We also realise that any market valuation of a business as a whole must reflect assessments of intangibles, even goodwill; this is the prerogative of the investor or take-over bidder, and is essentially subjective.

The current cost accounting proposals are too complex for most industrial managers and are capable of being interpreted in too many days. The proposals will benefit the auditing profession and the professional valuer because of the increased nonproductive work and resultant fees that they would receive.

The proposals are of no benefit to the cost conscience industrial and commercial accountant who does not wish to see his status and financial position eroded due to the vested interest of some of his colleagues in public practice.

If the proposals are pushed through accountants and other company officers should be reminded that the penalties for giving false statements to auditors are up to six months' imprisonment and/or fines up to £400. If the industrial and commercial accountant feels strongly against his accounts being presented in "Mickey Mouse money" he should not give an opinion of the values of certain assets. He should adopt the Australian policy which enables the principal accounting officer to report to the shareholders.

J. F. Noyes.

34, Russet Way,
Lewisham Road, S.E.13.

As seen on TV

From Mr. P. Kreamer.

Sir,—Why does BBC TV dislike the construction industry so much?

Surely I wasn't the only one to notice during Tuesday's coverage of the Jubilee journey that not one contractor's sign board came up! Lots of retailers, banks, commercial organisations, but not a builder's board.

The company doing the Charing Cross work remains unknown to viewers, McAlpine's pepper pot preservation performance was equally ignored. The Savoy Hotel on the other hand was pictured and platituded over.

But surely the final confirmation of BBC bias against the builder came on the Thursday night float-about. Every tableaux a close-up, except for the only contractor in the fleet!

Peter A. Kreamer
(Divisional Director),
Bovis Construction.
Bovis House,
Northolt Road, Harrow, Middx.

To-day's Events

GENERAL

Retail prices index (May).

Mr. Albert Booth, Employment Secretary, guest speaker at annual meeting of North-West Industrial Development Association, Widnes.

Mr. David Steel, Liberal Party Leader, addresses Scottish Liberal Party Conference, Aviemore.

Mr. Peter Edgley and Mr. Iain Craik, senior Bank of England officials, fly to United Arab Emirates to advise on measures to solve UAE banking crisis.

Lord Plowden, president, Tube Investments, gives A. P. Young Memorial Lecture "The Creation of Wealth, Management and the Community," Royal Society of Arts, John Adam Street, W.C.2., 2.30 p.m.

Mr. Merlyn Rees, Home Secretary, opens Home Office forensic science laboratory, Wetherby.

Mr. John Methven, director-general, CBI, attends Milton Keynes Luncheon Forum.

Mr. Hugh Scanlon, president, Amalgamated Union of Engineering Workers, speaks at conference on Bullock Report, Waldorf Hotel, W.C.2.

Sir Robin Gillett, Lord Mayor of London, opens "City and The Crown" exhibition, Guildhall Old Library, E.C.2., 10.45 a.m.

Windscale plant public inquiry continues, Whitehaven.

Preparatory meeting for follow-up to the 1975 Helsinki Conference on Security and Co-operation in Europe continues in Belgrade.

Formal talks on negotiation of Anglo-U.S. air services agreement continue in London.

European Parliament session ends, Strasbourg.

Final day of National and Local Government Officers conference, Scarborough.

Final day of Confederation of Health Employees conference, Blackpool.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Motions.

COMPANY MEETINGS

Brown Boveri Kent, Connaught Rooms, W.C., 12. Firmin, Birmingham, 12.15. Lipton (L.), Gerrards Cross, 2.30. Roberts Adlard, 10, Belgrave Square, S.W., 12. Tarton McCaul, The Londoner, W., 10.15. Tysons (Contractors), Liverpool, 12. University Life Assurance, 4, Coleman Street, E.C., 12.45.

LUNCHTIME MUSIC

St. Paul's Cathedral, Anthony Froggatt, organ, 12.30 p.m. St. Mary Woolnoth, Singer's Workshop, 1.10 p.m. Church of the Holy Sepulchre, recorded music, Mozart, 1.15 p.m.

SPORT

Cricket: England v. Australia Test, second day. Soccer: Football League annual meeting, Cafe Royal, W.1. Athletics: South Counties championships, Crystal Palace. Midland Counties championships, Wolverhampton. Shooting: Clay Pigeon European championships, near Dorchester.

COMPANY NEWS + COMMENT

Hargreaves expands 27% to record £3.27m.

AFTER BEING up from £1.23m. to £1.53m. in the first half, taxable profit of Hargreaves Group improved 27 per cent. to a record £3.27m. for the year ended March 31, 1977.

According to the directors this reflects the benefits of recent efficiency, notwithstanding depressed capital expenditure and greater pressed conditions in the construction industry, which resulted in a reduced contribution from quarrying, contracting and civil engineering.

Following the rights issue in June, 1976 the group is in a strong position to expand and develop along planned lines, they add.

Before charging debenture interest of £0.21m. (same), pre-tax profit was split—in per cent.—as to commercial vehicle building and distribution 13 (6), fertiliser manufacture and distribution 25.1 (22.3), plant hire, contracting and waste disposal 9.5 (18.7), quarrying 11.2 (16.6), solid fuel and fuel oil distribution 21.9 (19.6) and transport, shipping and warehousing 19.3 (16.8).

Stated earnings per 20p share are 6.3p (5.7p) on increased capital and the dividend total—as forecast—is 2.88p net (2.3045p) with a final of 1.72p.

Net tangible assets per share are 50.9p (52.2p).

	1976-77	1975-76
	£	£
Group turnover	134,057,155	108,007,557
Trading surplus	4,540,926	4,163,093
Depreciation	1,524,624	1,745,514
Interest	751,255	496,292
Share associates	907,259	653,471
Profit before tax	3,272,336	2,571,660
Taxation	1,693,745	1,336,837
Net profit	1,578,591	1,234,823
Extra-ordinary credit	—	36,000
Attributable	1,578,591	1,270,823
Dividends	733,600	486,250
To retained earnings	845,991	784,573

● comment

Excluding the benefit of the rights issue, profits of Hargreaves Group rose only 1 per cent. in the second half compared with 48 per cent. in the first. Since the bulk of the fertiliser profits comes in the summer, the recovery in that area particularly buoyed up the first-half figures. In the second half the miserable trading conditions in civil engineering and quarrying asserted themselves and nullified the good progress in other divisions. The current year should bring a return to profits growth, since the civil engineering division has probably reached bottom, and increased local road building should provide support. This will allow growth in other areas to have its effect—the Saudi Arabian venture should make its first contribution this year. Nevertheless, the shares at 55p on a p/e of 8½ look high enough. The yield is 8.3 per cent.

HIGHLIGHTS

Half-year figures from Tate and Lyle—profits over £2m. lower—proved disappointing to a market that had been anticipating poor results: commodity trading and starch were the two problem areas. The market was equally disappointed with the half-time figures from English China Clays, where profits were a third higher, and from Guinness where a good overseas performance was held in check by a poor showing in the U.K. and Eire. Completing the Lex column is British and Commonwealth Shipping: where the profits, which were 54 per cent. higher, topped most estimates. Good year-end figures were expected from Godfrey Davis but the outcome, nearly doubled pre-tax, was something of a bonus. Profits at UBM were about 9 per cent. lower but there was a late improvement which is the first to be seen for about three years. William Leech, however, slipped up in the second half, and profits for the full year were below mid-term expectations. London and Overseas Freighters has substantially increased the dividend but it is doubtful whether the level can be held in the current year.

Wm. Leech £2.78m.—pays 5p

DESPITE high unemployment and high interest rates aggravated by rising costs, continued inflation and other problems in the building industry, taxable profit of William Leech (Builders) rose from £2.6m. to a record £2.78m. for the year ended February 28, 1977.

When reporting first half profits up from £1.04m. to £1.27m., the directors said that if the then economic conditions continued, the company would not maintain the same rate of increase in the second half.

For the year earnings per 20p share are 11.1p (10.5p) and dividend total 5p net with a final of 2.5p. The company came to the market in July 1976.

Since November the company has started work on two new contracts valued at £2,100,000 and the contracting side of the business continues to make satisfactory contributions to profit.

	1976-77	1975-76
	£000	£000
Turnover	23,943	17,104
Operating profit	3,327	2,854
Finance charges	543	253
Profit before tax	2,784	2,601
Taxation	1,452	1,335
Net profit	1,332	1,266
Expenses offer for sale	110	—
Dividends	600	175
Retained	622	1,091

● comment

Doubled finance charges have prevented William Leech's full-year profits from fully living up to half-time expectations and the pre-tax level is only 7 per cent. higher after a 22 per cent. gain at the interim stage. However, that performance still compares favourably with recent figures from similar housebuilding operations. Barratt Developments in the half-year to December 1976 showed a 10 per cent. pre-tax decline after trebled interest costs. In fact, Leech topped all its building targets last year with total house completions of 2,420, an increase of 83 per cent. over the previous year. A further increase in the current year seems unlikely, however, and since short-term borrowings at the year-end were roughly doubled at £4m., the pressure from finance costs will probably remain heavy. At 70½p, the yield is 11.8 per cent. covered twice.

Antofagasta slumps to £474,000

A SHARP drop in profit from £1,294,250 to £473,693, including dividends and interest received £156,763, against £147,072, is announced by Antofagasta (Chili) and Bolivia Railway Co. for 1976.

After tax of £289,295, compared with £835,959, the net balance comes out at £184,398 (£458,291). There was a loss in Chili after revaluation adjustments and tax of £34,117 (profit £440,646).

In February the directors forecast that profit, after an extraordinary credit, would be in the region of £200,000. In the event the figure was £211,091 (£237,850).

Stated earnings are 1.78p (6.05p) before extraordinary credit of £26,693.

	1976	1975
	£	£
Turnover	5,221,000	5,254,900
Profit before tax	473,693	1,294,250
Chile tax	229,575	782,190
U.K. tax	59,433	53,769
Net profit	184,398	458,291
Extra-ord. credit	26,693	—
To general reserve	—	220,441
Pref. dividends	105,000	105,000
Leaving	106,091	132,850

Increase at Crosby Spring

TURNOVER for the year to March 31, 1977 at Crosby Spring Interiors was up from £5.23m. to £7.22m. and profit was higher at £0.59m., compared with £0.3m., subject to tax of £0.31m. (£0.16m.).

Dividend is 0.5852p net, against 0.532p per 10p share.

When reporting first half profit up from £74,079 to £212,598 the directors said they expected the pattern of increased profitability to continue, although to a less marked extent than in 1975/6.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alpine Holdings	0.51	July 29	1.14	1.63	1.95
Amber Industrial	0.49	—	0.44	0.49	0.44
Avenue Close	1.48	July 15	1.34	1.48	1.34
B. & C. Shipping	4.29	—	4.09	8.29	7.54
Burnett & Hallam	1.28	Aug. 3	1.16	2.56	2.32*
Caledonia Inv.	4.01	—	4.01	7.33	6.86
Charter Trust ...int.	0.7	Aug. 17	0.6	—	1.3
Cocksedge (Holdings)	2.38	Aug. 26	2.28	3.4	3.09
Crosby Spring	0.59	—	0.53	0.59	0.53
Godfrey Davis	2.29	—	2.02	2.90	2.72
Dom Holdings	2.76	Aug. 5	2.31	4.2	3.82
English China Clays...int.	1.75†	July 20	1.1	—	2.44
Arthur Guinness	2.38	Aug. 11	2.16	—	6.28
Hargreaves	1.72†	July 27	1.38	2.88†	2.3
Wm. Leech (Builders)	2.5	Aug. 28	—	5.0	—
Lee Cooper	1.63	—	1.08*	2.44	1.63*
LOFS	3.32	—	2.08	3.33	2.08
Lonsdale Universal ...int.	1.29	—	1.27	—	4.15
Mitchell Somers	0.85	—	0.85	1.4	1.28
Pauls & Whites	2.41	—	2.17	3.41	3.17
Sidlaw ...int.	1.3	Aug. 8	1.5	—	5.39
Sumrie Clothes	1.25	—	1.25	1.25	1.25
Triplex Foundries	4.2†‡	Aug. 5	3.83	5.62	5.11
UBM	2.44	Aug. 3	2.44	4.2	4.2
J. W. Wassall	0.2	July 27	Nil	0.4	0.2

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross, equal to 2.789p net. Additional payment to be made with next year's interim if ACT is reduced.

First half rise by Sidlaw

TAXABLE PROFITS of textile group Sidlaw Industries finished the six months to April 1, 1977, some £100,000 higher at £566,000 and Sir John Carmichael, chairman, says that it will be disappointing if profits for the full year fall short of last year's £1.18m.

He points out that the improvement in first half profits was achieved despite a £77,000 increase in interest charges. Interest rates throughout the greater part of the period remained high but steps taken through disposals and closures of activities not sufficiently profitable were successful in reducing borrowings appreciably by the end of the period.

	Half-year 1976-77	1975-76
	£000	£000
Turnover	24,502	24,515
Company and subs.	20,452	18,504
Share of assoc.	4,050	5,011
Trading profit	1,090	909
Company and subs.	978	887
Share of assoc.	112	22
Interest	524	447
Company and subs.	485	390
Share of assoc.	39	57
Profit before tax	566	462
Taxation	294	240
Net profit	272	222
Dividends	82	82

The sale of the company's interests in the three polypropylene associates, together with the release of additional cash as rationalisation proceeds within the textiles division, will result in a further reduction in borrowings before the year end. Accordingly, with the lower level of interest rates, interest charges for the second half of the year will be appreciably lower.

The net interim dividend per 50p share is held at 1.5p—last year's final payment was 3.8893p.

Dom rises £0.2m. to peak £0.8m.

AFTER AN increase from £225,406 to £323,106 at half time, pre-tax profit of retailers and manufacturers of fixing products Dom Holdings advanced from £625,096 to a record £834,532 in the year to March 31, 1977. Turnover was up from £6.6m. to £8.17m.

Earnings are shown higher at 5.59p against 4.02p, and the dividend is stepped up from 3.8181p to 4.19991p with a net final of 2.76276p per 10p share.

After tax of £415,098 (£323,603), net profit emerged at £419,434 (£301,493). The dividends absorb £120,149 (£109,292), leaving profit retained ahead from £192,201 to £299,285.

Pauls & Whites on target

AFTER RISING from £1.85m. to £2.23m. in the first half, pre-tax profits of Pauls and Whites finished the year to March 31, 1977, ahead from £4.4m. to £5.21m. A total of not less than £5.1m. was forecast at the time of the one-for-four £3.34m. rights issue in March.

Earnings are shown at 13.35p (11.09p) per 25p share and the dividend is lifted from 3.17p to the maximum permitted 3.414p net with a final of 2.414p.

In context of the rights issue the Treasury has consented to a rise of some 24 per cent. in dividends for 1977-78.

The directors say the volume of animal feed sold was again increased and, despite the problems of the pig industry, Pauls and Whites Foods made a record contribution. In view of the severe reduction in margins on malt delivered during 1976 Pauls and Sandars did well to contribute only 10 per cent. less. Increasing demand for flavours helped White Stevenson achieve much improved results from recent modernisation.

ISSUE NEWS AND COMMENT

East Surrey's £1½m. of stock

Brokers Savory Milln have completed arrangements for an offer for sale by tender of £1½m. of 8 per cent. Redeemable Preference Stock 1982 at a minimum price of £98½ per cent. in the East Surrey Water Company.

Tenders, which must be accompanied by a deposit of £10 per cent., should be received by Wednesday June 22 with the balance of the purchase money due on or before Friday, July 29. Tenders must be for a minimum of £100 of stock.

The first dividend in respect of the period June 22 to September 25 and amounting to £1.352 per cent. net will be payable on September 26. Thereafter dividends will be payable half-yearly on March 26 and September 16.

● comment

East Surrey's offer is pitched a half point below the Mid Southern issue at the beginning of the month. Since then the market has gone a shade weaker and Mid Southern is trading in the market around £99 per cent. Given that the East Surrey issue is a fair bit smaller, the terms could be a shade on the tight side if the gilt market goes any weaker between now and next Wednesday, but if the market holds steady a tender price around £98½-£99 looks about right. Obviously tuning of the final price will have to wait until Tuesday night. At the minimum tender price the grossed-up yields are 12.49 per cent. flat or 12.7 per cent. to redemption.

Runciman rights

Walter Runciman is proposing to raise £1.15m. by a one-for-five rights issue at 93p per share. The shares closed 6p lower in the market at 110p.

Proceeds will be used to reduce the current level of short-term debt and promote further development of the operating divisions.

Current trading in all three divisions is satisfactory, but the likelihood of continuing inflation in the U.K. and the uncertainty surrounding future exchange rates of sterling against other currencies in which the group has forward commitments makes it desirable to create a stronger capital base and a lesser dependence on bank borrowings.

As at May 27 the group's total borrowings amounting £31.82m.

It is the Board's intention to declare a dividend total of [illegible] (7.43p) for the current year, higher profits than those of [illegible]. Underwriters are Lazard Bro[illegible] and brokers are Hoare Gov[illegible]

Chamberlain cash call

Chamberlain Group intends to raise £880,000 by a rights issue of 2.58m. Ordinary 25p shares on the basis of one-for-five at 35p. The shares closed unchanged in the market at 42p.

The company is also proposing to increase the dividend by [illegible] per cent. in the current year to 2.73p net per share. Treasury consent has been obtained.

Chamberlain intends to invest over £1½m. in 1977 and the first half of 1978 which compares with a total of £0.6m. in the past two years. In addition the directors are seeking to enlarge the group's activities by the acquisition of general precision engineering companies.

The hydraulic division's production capacity is to be doubled in the next two years and the structural engineering division is carrying out a substantial investment programme in new equipment.

Dealings in the new shares [illegible] on Monday, June 20. Brokers [illegible] Cazenove and underwriting [illegible] Lazard Brothers.

BIRMINGHAM OFFER FLOPS

City of Birmingham's issue flopped. Approximately 88[illegible] cent. of the £30m. of 12¾ per cent. Redeemable Stock 1985 offered at £97¼ per cent. has been left in the hands of the underwriters.

Brokers to the issue were Nivison and Murray in Birmingham.

BOWATER 89.8%

Bowater Corporation's [illegible] issue to raise £32.1m. on the [illegible] of one-for-seven at 168p has [illegible] taken up as to 89.84 per cent. [illegible] balance has been sold at 170[illegible] and the net proceeds will be [illegible]tributed to entitled shareh[illegible]

Laing's broad base

SIR MAURICE LAING, chairman of John Laing and Son, told members at the AGM yesterday that although the decline of the U.K. construction industry affected the whole group in one way or another he felt that the group derived strength from its broad base of business.

This was manifest in a number of ways of which he mentioned two. Firstly the group enjoyed the benefit of a property portfolio which provided it with a very substantial asset and also produced an ever increasing property income. This asset also assisted to finance overall expansion.

Secondly, the products side of the business where, in particular, Thermalite and Lytag had continued to be in great demand, with substantial increased profitability in spite of the overall decline in construction. New investments in Thermalite and Lytag in Britain amounted to £[illegible].

Nevertheless the U.K. construction market was worrying and directors would have to [illegible] the skill and efficiency [illegible] possessed if they were to con[illegible] to sustain a satisfactory level of profitability.

Despite the current di[illegible] of the home construction ma[illegible] the group's strength in peop[illegible] resources enabled it to [illegible] planned development of the [illegible]ness on all fronts.

Tate & Lyle unlikely to show growth

[M]ANY PROFITS growth for Tate and Lyle in the current year now looks unlikely, contrary to expectations at the beginning of 1977. Mr. David Herdy, finance director, said yesterday that after eight months, indications were that certain of the group's activities would not perform as well in the second half as they had in the first.

This seems to suggest that the group will not now match last year's pre-tax total of £52m.

Operating profits for the half year ended March 31, 1977, are ahead by 16.8 per cent. to £33.4m., but after charging considerably higher interest and central expenses the pre-tax balance emerges 8.2 per cent. lower at £24.7m.

The figures reflect not only additional interest charges but loss of interest on previous bank deposits. It is anticipated that it will take around three years for the current level of debt to subside to previous levels.

A large part of the increase reflects last year's take-over bid for rival cane sugar refiners Manbré and Garton which cost Tate around £50m. There has also been a substantial increase in the working capital requirement which takes in higher sugar and other commodity stocks.

By the end of the current year, it emerged yesterday that the group will have committed around £177m. in terms of capital expenditure over a period of two years.

Mr. Saxon Tate, the chairman of the executive committee, said that he did not share the general feeling of increased optimism for next year and that he expected a higher rate of inflation and difficult trading conditions throughout the world.

On the subject of worker participation Mr. Tate said that: "We can well do without such things as the Bullock Report which keeps getting in the way."

Referring to Manbre, he said the only major problem encountered was at the Garton factory in Battersea which, he said, "did not come up to Tate & Lyle standards". The merger of the two companies is likely to result in the loss of some 1,000 jobs all told, though it is anticipated that this will be achieved over a period of years largely through natural wastage.

Referring to the group's foothold in the U.S. sugar refining industry, via the purchase of Refined Sugars and Syrups, the chairman, Mr. John Lyle, says in his interim statement that the capital cost was small but starting costs and re-establishing market position has meant losses which will continue until market share is successfully regained. The profit contribution from overseas refining was cut from £1.8m. to £0.4m.

As regards the commodity handling trading storage and distribution division (where profits were down from £19.4m. to £17.6m.) the chairman comments that sugar trading has had an active year with results up to expectations. Unitank continues to expand capacity, but there has been some weakness in the U.S. molasses price.

On the engineering and construction materials side several major new contracts have been won and the increased profits (up from £0.4m. to £3.3m.) are encouraging for the future, says the chairman.

At the attributable level profits in the half year came through at £15.5m. against £17.2m. producing earnings per £1 share of 28.3p compared with 31.4p.

An interim dividend up from 2.3p to 2.79p has already been declared in respect of 1976-77—the total for the previous year was 11.81p paid from record pre-tax profits of £52.5m.

	First half 1976-77 £m.	*1975-76 £m.
Sugar refining—		
U.K.	6.7	5.4
Overseas	0.4	1.8
Comdty. handlg., etc.	17.6	19.4
Starch	2.4	†4.4
Shipping	1.1	0.7
Production raw sugar	0.4	0.4
Engineering, etc.	3.3	0.4
Share of associates	1.4	0.9
Making	33.4	28.6
Expenses, finance, etc.	8.7	1.7
Profit before tax	24.7	26.9
U.K. tax‡	4.9	5.4
Overseas	3.3	3.3
Net profit	16.5	18.2
Minorities	1.0	1.0
Attributable	15.5	17.2

* Excluding Manbre and Garton. † Loss. ‡ In accordance with group accounting policy, deferred tax has not been provided on the excess of U.K. capital allowances over depreciation. Effect has been to reduce tax on the results of the half-year by £4.4m. (£5.2m.).

See Lex

Alpine cuts dividend

IN LINE with the forecast of lower results, pre-tax profit of Alpine Holdings dropped from £0.76m. to £0.46m. for the 52 weeks to end January, 1977, and the dividend is being cut from 1.95p to 1.625p net, with a final of 0.8125p.

The directors said in May that while trading in the second half showed a marked improvement over the first half £0.1m. (£0.37m.), profits for the full year would be somewhat less than that achieved in the previous 12 months. They were announcing that James Gulliver Associates had acquired a 15 per cent. interest in Alpine.

At the time Mr. J. Gulliver, chairman of JGA, became non-executive chairman of Alpine.

For the year stated earnings per 5p share were 1.54p, compared with 3.53p.

Alpine (Double-Glazing) Company achieved a substantial profit improvement in the second half, although the contribution for the year as a whole is somewhat less than for 1976. Retail selling through about 30 Debenham Stores was introduced in September and although present indications are encouraging it is too early to anticipate its future success, say the directors.

Alpine's profits for the year have been materially reduced by substantial losses incurred by Alpine Windows due principally to the acutely difficult trading conditions being experienced by the construction industry. Alpine Windows' pre-tax loss amounted to £384,000 of which about £85,000 represented additional costs relating to contracts completed in prior years. Action is being taken to eliminate future losses in this activity, they say.

Both Alpine Dreamline, which sells and installs fitted bedroom furniture, and Alpinair, which supplies and fits vehicle air conditioning, made useful contributions to group profits in the year. Since the end of the year Alpine has sold 51 per cent. of its wholly-owned subsidiary Alpinair to certain of that company's senior management.

The associate, Century Aluminium Company, has produced a significant profit contribution, and the new associate company in Ireland, Omaglass, contributed to profits for the first time. The directors are confident of the potential of both investments.

Profits for the year are subject to an abnormally high tax charge. This is due to certain non-allowable items which will not recur in the current year.

They report that the strong liquidity position at January, 1976, has been eroded by increased working capital. However, the group "has adequate cash resources for its foreseeable requirements."

They believe that the present growth in the home improvement market will continue and that Alpine, through its double glazing and replacement window activities is well placed to benefit. It is intended in due course that Alpine will expand into complementary activities in the area of home improvement through internal development or acquisition.

	52 weeks 1976-77 £000	53 weeks 1975-76 £000
Turnover*		
Double glazing, etc†		
Direct selling	9,049	8,219
Retail	220	—
Industrial windows	1,552	1,463
Other activities	1,123	1,342
Total sales	11,964	11,024
Profits before tax		
Double glazing, etc.		
Direct selling	1,017	1,235
Retail loss	109	—
Indust. windows loss‡	384	24
Other activities	152	147
Central admin.	215	312
Share assoc.	113	102
Making	464	764
Taxation	304	410
Net profit	160	354
Extraord. debit‡	68	—
Minority int.	6	1
Attributable	85	353
Interim div.	31	31
Final div.	31	114

* Excluding associates and including exports £271,011 (£174,289). † Loss. ‡ Losses and costs after tax relating to the disposal of freezer maintenance and retail shop business. § After charging additional costs of approximately £85,000 relating to contracts completed in the previous year.

Godfrey Davies record

THE FORECAST of a marked increase in pre-tax profit for the year ended March 31, 1977 at Godfrey Davis turns out to be from £1.23m. to £2.44m.—a record. At half-time the outcome was £1.42m., compared with £1.25m.

Earnings for the year are shown to be up from 11p to 11.7p per 25p share: a net final dividend of 2.293932p lifts tha total from 2.721756p to 2.993932p.

	1976-77 £000	1975-76 £000
Turnover	60,012	47,925
Except. debits	52	84
Pre-tax profit	2,440	1,230
Tax	1,063	†84
Attrib.	444	1,269

† Credit.

The basis of providing for deferred tax has been revised during the year, to bring it into line with the provisions of exposure draft No. 19, accounting for deferred tax. The effect of this revision has been a reduction in the provision for deferred tax at April 1, 1976 amounting to £4.2m.

An amount of £4.03m. has been dealt with as a restatement of retained earnings. Of this sum, £922,000 is reflected in a reduction of the tax charge for the year ended March 31, 1976 and the balance of £3.11m., which relates to prior years, is added to the retained profits at April 1, 1975, and £75,000 has been credited to capital reserve as at April 1976—£99,000 has been deducted from goodwill.

As a consequence of this revision, tha tax charge on the results of the yeer has been reduced as compared with that which would have been made under the policy previously adopted and that of the preceding year has been substantially reduced.

● comment

The market was going for good figures from Godfrey Davis but a virtual doubling at the pre-tax level is better than expected. The principal feature is the rental side where profits are £911,000 higher thanks to a hardening of margins which can be pinned on a few major factors. Fleet utilisation was up from 62 per cent. to over 70 per cent., helped by a 15 per cent. reduction in the fleet, while there were two price increases and the bonus of good profits on tha vehicles when they were sold off. Elsewhere the distribution side was no laggard, hardly surprising considering it is a Ford dealer—and the leisure activities were also higher. The balance sheet is much healthier (admittedly cash is distorted by the timing of car purchases) and borrowings are down by over £4m. to £3½m. against shareholders' funds of £11½m. This year Davis will no longer carry the burden of the loss-making German operation, rental will remain buoyant, the Ford dealership is turning in record figures and leisure should be riding high on buoyant caravan sales. Profits could reach £3.7m. pre tax which drops the p/e from 3.9 to 2.7 prospective at 48p (assuming a similar rate of tax). With a yield of 10 per cent. the shares look good value.

Debenham's £22m. issue explained

REFERRING TO the recently announced rights issue to raise £22m., Sir Anthony Burney, tha chairman of Debenhams, says that this is necessary as the rate of the company's development has absorbed internally generated cash resources, and there is a need to enlarge the capital base and reduce short-term borrowings. The accounts show that unsecured borrowings in the year to January 29, 1977, rose by £9.73m. to £53.3m.

Sir Anthony also says that it is no good increasing sales if the additional cash flow generated is all absorbed into working capital. The statement of source and applicatioo of funds shows that the rate of increase in working capital fell from £20.91m. to £17.83m., including an increase in creditors of £18.67m. compared with £3.63m. Cash and bank balances improved by £1.27m. against £0.1m.

Pre-tax profit in th eyear under review advanced from £13.51m. to £20.45m., on sales net of VAT of £375.55m. compared with £299.94m. (as reported on May 21). Of the increase in sales, Sir Anthony says that it is evidence that the company has succeeded in recapturing part of the market from competitors. The bulk of profits arose in the department store division, which accounted for some 71 per cent. of turnover, he reports.

The company continued to promote credit trading during the year, and sales under the various credit terms offered increased by 36.2 per cent. to £55m., Sir Anthony says. Debtors have increased as a result by some £11m., and in ordar to ease the resulting pressure oo cash resources the company has negotiated an agreement with its bankers whereby, subject to annual raview, 80 per cent. of its debtors are financed by means of a three-year rolling loan account.

Sir Anthony reports that the development programme continued during the year. Neww stores are to be opened at Stirling, Swansea, and Mansfield, aod plans have been agreed for the complete redevolpment of the main site at Ipswich.

Sports departments had been opened in some 27 of the company's tores by the end of 1976, and it is hoped to raise this to 35 by tha end of tha current year, members are told. This wauld make the company the largest distributors of sports goods in tha country.

Meeting, Wigmore Hall, W., July 14 at noon.

MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 8 per cent. (since May 13, 1977)

Day-to-Day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a moderate amount of Treasury bills from the discount houses. There was a slight decline in the note circulation, but this was outweighed by very small run down balances carried over by the banks, settlement of a small amount of gilt edged stock sold by the authorities, and a net market take-up of Treasury bills and local authority bills.

Discount houses paid 7-7¼ per cent. for secured call loans in the early part, and closing balances were found at 5¾-6½ per cent., although some houses may have paid more for very late money.

In the interbank market overnight loans opened at 6¾-7 per cent., touched 7-7¼ per cent., before easing to 6¾-7 per cent. in the early afternoon, and touching a low point of 6¼-6½ per cent. In very late trading rates rose to the highest level of the day at around 8 per cent.

Short-term fixed period interest rates were generally firmer, with most activity confined to periods of up to three months.

Rates in the table below are nominal in some cases.

June 16 1977	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposits	Company deposits	Discount market deposits	Treasury bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	6¼-8	—	—	—	7⅛	6½-7¼	—	—	—
2 days notice	—	—	6¾-6⅞	—	—	—	—	—	—	—
†7 days or 7 days notice	—	6½-7⅛	6⅞-7	—	7⅛-7⅞	7⅛	6⅞-7¼	—	—	—
One month	7 1/16-7 3/16	7-7¼	7-7½	8¾-8¼	7¾-8⅛	8	7-7⅛	7¼-7 3/8	7 5/16-7⅜	8⅛-8½
Two months	7 5/16-7⅜	7⅜-7½	—	8¾-8¼	8-8⅜	—	7¼-7⅜	7 7/16	7½	8¼-8½
Three months	7 11/16-7 13/16	7⅝-7¾	7⅝-7¾	8¾-8¼	8¼-8⅝	—	7⅜-7½	7 15/32	7 7/16	8⅜-8½
Six months	8 1/16-8 3/16	8 1/16-8 3/16	8½-8⅝	9-8½	9¼-9⅝	—	—	—	8⅛-8⅜	8¾
Nine months	9⅝-9½	9½-9¾	—	9¾-9¼	10⅛-10½	—	—	—	—	—
One year	9⅛-9 1/16	9¾-10	9½-9¾	10-9½	10¼-10¾	—	—	—	—	—
Two years	—	—	11⅛-11⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 12¾-12¼ per cent.; four years 13¼-13¾ per cent.; five years 13¾ per cent. Φ Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 7 15/16-8 per cent.; four-month trade bills 8¾-8½ per cent.

Approximate selling rate for one-month Treasury bills 7¼-7 5/16 per cent.; two-month 7 5/16 per cent.; and three-month 7 13/32 per cent. Approximate selling rate for one-month bank bills 7½ per cent.; two-month 7½ per cent.; and three-month 7½ per cent.; one-month trade bills 8 1/16-8¼ per cent.; two-month 8½-8¾ per cent.; and also three-month 8½-8¾ per cent.

Finance House Base Rate (published by the Finance Houses Association): 8½ per cent. from June 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice 4 per cent. Clearing Bank Base Rate for lending 8½ per cent. Treasury Bills: Average tender rates of discount 7.4430 per cent.

Guinness ahead but warns on second half

IT IS now becoming clear that it will be difficult for Arthur Guinness Son and Company to match last year's profits of £39.31m., despite a satisfactory increase of £2.3m. to £17.1m. for the 24 weeks to March 12, 1977, says Mr. R. A. McNeile, joint chairman. The factors which particularly helped the company in the second half of last year have not recurred, he adds.

Earnings per 25p share are shown to be ahead from 8.8p to 9.8p, and the interim dividend is lifted from 2.164p to 2.3804p, against a total last year of 6.2844p.

	1977 £m	1976 £m
Turnover	225.6	176.2
Depreciation	4.5	4.3
Trading profit	18.6	17.9
Brewing	12.8	12.8
Confectionary	—	0.2
General trading	[illegible]	0.9*
Leisure	0.5	0.4*
Plastics	0.7	0.2
Property	0.1	0.1
Investment income	0.4	0.4
Interest charges	2.7	2.7
Share assocs.	2.8	3.3
Profit before tax	17.1	14.8
Taxation ‡	8.1	8.6
Net profit	9.0	6.2
Minority interests	1.1	0.7
Extraord. debits	0.9	0.6
Attributable	7.0	6.9
Interim dividend	2.1	1.9

* Restated for purposes of comparison. + Loss. ‡ Includes Republic of Ireland and overseas £1.7m. (£3.5m.).

During the first half of the year there has been a partial recovery in most of the business activities in which the company is engaged, but sales of Guinness in all the home brewing markets are slightly down, says Mr. McNeile. In the case of bottled Guinness this is in line with the general trend of a continuing swing from bottled to draught beers.

For the year to September the directors are still expecting substantial improvements in the non-brewing sector, mainly in the general trading and plastic moulding divisions, but results from the brewing sector are expected to be well below last year's record level.

Although the company should achieve a useful increase in overseas brewing profits, the profits from the home brewing companies will be lower. This adverse result will be principally due to a failure to get a price increase in the Republic of Ireland. The uncertainties of price control arrangements in the main markets continue to make it difficult to achieve a year-by-year increase in the profits of the company or to earn an acceptable return on the capital employed in the business, Mr. McNeile says.

An analysis of trading profit shows (£m.) U.K. and Republic of Ireland 9.2 (8.9) and overseas 7.4 (5). The increase of £2.4m. in overseas trading profit includes £0.7m. which can be attributed to the more favourable exchange rate at which this year's profit was converted, members are told.

Profits of White Child and Beney, which is subject to an offer which was declared unconditional on February 14, have not been consolidated, it is stated.

Statement Page 29
See Lex

Lonsdale 30% higher at midway

INDUSTRIAL holding company Lonsdale Universal, with interests ranging from office supplies and technical services to bookselling and plastics, reports a 30 per cent. pre-tax profit increase to £585,000 for the six months to March 31, 1977. Turnover shows a similar upturn at £13.6m.

Mr. Norman Ramseyer, chairman, says he expects the progress towards a material improvement in profits for the full year to be maintained, although the Board is still dissatisfied with results from the retailing and board packaging sectors. For the last full year taxable profit totalled £0.91m.

Basic earnings per 25p share for the first half are up from 3.88p to 4.52p and fully diluted from 3.72p to 4.42p. The net interim dividend is stepped up from 1.265p to 1.392p—last year's total payment was 4.1475p.

Mr. Ramseyer points out that, as forecast, first half results continued the recovery made in the second half of last year.

	Six months March 31 1976-77 £000	1975-76 £000
Turnover	13,577	10,385
Trading profit	960	828
Management costs	254	193
Interest	242	185
Directors' fees	30	29
Depreciation	115	83
Auditors' fees	10	8
Hire of plant	23	18
Sundry income	2	7
Pre-tax profit	585	457
Tax	299	218
Net profit	318	239
Extraordinary credit	2	—
Pref. divs.	11	11
Available for Ord.	307	228
Ordinary	94	75
Unappropriated	213	153

Mitchell Somers up £0.7m.

ENGINEERS and forgemasters, Mitchell Somers, lifted pre-tax profit by 50 per cent. to a record £2.1m. for the year ended April 2, 1977 and turnover by 20 per cent. to £14.06m.

A final dividend of 0.85p is announced to give a maximum possible payment of 1.4p compared with 1.28p. If ACT is reduced the dividend will be increased accordingly.

Mr. L. J. Thomas, chairman, says that the result exceeds even the most optimistic assumptions made at the time of the interim last December when profits advanced by 46 per cent. to £0.88m. As indicated then all sections are performing well.

The directors have decided that it is not necessary to make provision for deferred taxation. Earnings are shown to have risen from 9.7p to 10.1p per 10p share, and net assets from 42p to 50p. Had there been no such change in accounting policy on deferred taxation, earnings would have been 6.5p (5.1p) and assets 37p (32p) per share.

	1976-77 £000	1975-76 £000
Group turnover	14,058	11,677
Profit before tax	2,096	1,402
Taxation	601	241
Net profit	1,495	1,161
Dividends	207	177

Cocksedge rises to £400,667

Structural and mechanical engineers and steel stock holders. Cocksedge (Holdings) reports turnover up from £2.74m. to £3.09m. for the year to March 31, 1977, and an advance in pre-tax profits from £203,837 to £400,667 after £126,920, against £89,703, in the first half.

After tax of £169,349 (£99,931) full year earnings are given as 16p (6.9p) per 25p share and the dividend is raised from 3.0875p to 3.3962p net with a final of 2.5837p.

The directors report a good level of work in hand and say that prospects for the current year are good.

English China 32% ahead

EXTERNAL SALES for the half year ended March 31, 1977 of English China Clay's advanced from £72.27m. to £85.58m. and pre-tax profit rose by 32 per cent. to £13.08m.

Lord Aberconway, the chairman says the second half is unlikely to show the same rate of growth, but full year profits should be appreciably higher than the record £24.47m. achieved for 1975-76. "We see no reason not to be cautiously optimistic in the short-term, and full of confidence in the long-term," he tells members.

Adjusting for February's one-for-six £18.4m. rights issue, first half earnings are shown to be up from 3.37p to 4.44p per 25p share, and, as forecast, the interim dividend is lifted from 1.0865p to 1.75p net on the increased capital. A final of 1.75p net (1.3423p) has been agreed with the Treasury and the directors point out that a decrease in ACT can make no difference to the amount payable.

	Half year 1976-77 £000	1975-76 £000	Year 1975-76 £000
External sales	85,580	71,272	154,977
From captl. grants	721	692	1,433
Depreciation†	3,064	2,987	5,931
Profit before tax	13,084	9,934	24,469
Tax	6,848	5,230	12,565
Net profit	6,216	4,694	11,904
Interim div.	2,818	1,468	3,283

† After crediting profit on sales of assets, principally of mobile plant, of £1.1m. (£52,000).

Lord Aberconway reports that the recovery in major china clay markets in Europe and North America remains gradual and hesitant. Nevertheless, half year sales were some 19 per cent. higher in volume and the emphasis has been on speciality clays.

Some customers in the paper industry are still in difficulty but the group has been compelled to increase prices. Following the very dry summer a very wet winter has made economic and orderly production difficult.

The quarries division suffered from low demand from the construction industry and was also afflicted by the wet winter. Its performance to date has, in the circumstances, been good.

Boddy Industries has been acquired since the half year end. This is a fine addition to the quarries division, says the chairman. Its results for the half year show pre-tax profits of £423,000. Norton Limeworks has also been acquired. Pre-tax profits for the half year were £35,000. Results from neither company were consolidated.

The building division is finding it difficult to secure new orders but its activity in the leisure business continues to prosper.

See Lex

Confidence at Time Products

In his last annual review Mr. Alexander Margulies, the chairman of Time Products, says he is handing over the chairmanship with the greatest confidence in the group's future.

Mr. Margulies is to be life president and will remain a director. His successor as chairman will be his son Mr. Maurice Margulies.

As reported on May 18, turnover advanced from £18.7m. to £24.04m. in the year to January and pre-tax profits rose from £2.47m. to a record £2.93m.

The Sekonda brand took a further step forward with sales of over 1m. units in 1976 and the Swiss watch concessions also had a good year with both Longines and Vacheron et Constantin enjoying record sales.

The retail jewellery division enjoyed a good year with increased sales in both volume and value. The division is continuing to expand, and the group is opening more shops this year.

The company has launched the Japanese Citizen brand in the U.K., a new concession recently obtained.

Meeting, Connaught Rooms, W.C., on July 19 at noon.

Statement Page 6

Philip Hill Investment confident

Sir Kenneth Keith, chairman of Philip Hill Investment Trust, says that the company continues to have every confidence in an improving world economic scene and looks for a more rapid improvement in the U.S. than at home. The directors intend to continue their present policy of seeking to increase income while investing for capital growth and they expect to at least maintain the new rate of dividend, he adds.

The company increased pre-tax revenue from £4.38m. to £5.45m. in the year ended March 31, 1977 and dividends total 6.9p against 5.75p (as reported on May 26).

Sir Kenneth reports that there has been an improvement in the relation of share price to asset value, and he hopes that this will continue.

The 25 largest investments by value, which account for 46.1 per cent. of the market value of the investments at the balance sheet date, amount to £51.22m.

At the time of writing, says Sir Kenneth, the company has Euro-dollar borrowings of US$20m. At April 30 the surplus of the valuation of investments over the dollar borrowings with which they were bought amounted to £8.9m., he adds.

Eagle Star Group held 19.9 per cent. of the equity at May 18.

Meeting, 19, St. James's Square, SW, July 13 at 2.45.

Investment Trust Review

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The opinions expressed by contributors to this Review are their own and should not be assumed necessarily to reflect those of the Association

How real are asset values?

by John G. Archibald
a Director of Robert Fleming Investment Management Limited

In order to assess the merits of any particular sector of the stock market, investors focus on one or more aspects of the group's activities which are generally recognised by investors to be the key factors for that sector. For much of the period since the early 60's the calculation of the net asset value per share has been the principal determinant in rating investment trusts, both as a sector and as between the individual shares themselves.

This article is concerned with some of the problems associated with the calculation of net asset value. Reference has been made in a previous article to the fact that concentration on net asset value changes has encouraged a short term investment approach in assessing investment trusts. While this has undoubtedly been the case, it is very difficult to suggest an alternative basis of assessment which is not related in some way to net asset values and which would receive general acceptance by the investment community.

The principal weakness inherent in sticking too closely to the concept of net asset values is that it takes no account of the dividend record of an individual company. To counter this criticism more emphasis is now being given to the assessment of performance on a total return basis, that is adjusting the change in the current net asset value over a period to account for the dividends paid during that period. (The net assets of course will include any undistributed income). As a result a trust which has concentrated its efforts on dividend growth over a period of time will obtain fair recognition for what it has done.

The Going Concern Concept

It is important to distinguish at an early stage between net asset values and break-up values. When the discount between the asset value and the investment trust's share price widens, pressures can build up for the liquidation of the company. However, investors should be fully aware that liquidation will normally lead to a break-up value considerably lower than the net asset value. There are many reasons for this. Contingent capital gains tax liabilities crystallise, the realisations of overseas holdings require the trust to surrender 25% of its investment currency premium at the official rate and many holdings in unmarketable or unquoted investments must be sold in conditions which may lead to less than optimum prices. In addition, bid prices, brokerage and the expenses of the liquidation itself will reduce the final sum available for shareholders. It is clear that between 15% and 20% of most trusts' assets can be absorbed by these costs in a liquidation, thereby reducing an apparent discount of say 30% to around the 10% level. Therefore it would probably clarify the issue if the term "going concern value" is substituted for "net asset value," which is too nebulous an expression.

The first step in arriving at a going concern value per share is to prepare a valuation of the underlying portfolio. The annual report and interim statement provide this valuation together with additional information such as geographical spread and details of major holdings and supplementary information is usually given in sufficient detail to allow the performance of the trust to be simulated over any period of time by the use of appropriate indices. Where a trust is very specialised, for instance investing in one area of the world only, or holds a substantial investment in a unique situation, suitable adjustments can be made. The simulation can be adjusted at regular intervals by comparing the result with published information—for instance with the table printed below. If a detailed portfolio is available to the investor, quoted investments are valued at mid-market prices and unquoted investments are taken in at directors' valuation. The latter are generally valued very conservatively, but given the small amount of unquoted investments in most portfolios, this is an insignificant factor.

Complications arise in the next stages. Allowance must be made for the value of a trust's present gearing, and the value of the investment currency premium has to be considered.

Gearing

In a break-up situation, any prior charge must be repaid before the shareholders' interests are determined. Normally the prior charge, which may be a loan or preference capital, will be redeemed at par but in some circumstances a small premium will be paid. However, the Stock Market is concerned with a going concern and not with a liquidation and it is therefore more equitable to value the effects of the gearing by deducting from the gross assets the market value of the prior charges. The logic of this is sound, as it will be appreciated that the investment manager can counter the effects of the gearing, both on income and capital account, by buying fixed interest securities as investments through the stock market on similar terms to that currently applicable to his own prior charges.

Over the past fifteen years little long term gearing has been raised by the movement and as debt redemption dates are reached the overall gearing is falling. At present new loan capital is only being raised by way of dollar loan facilities, which introduce additional factors which are referred to below.

With a convertible loan outstanding, further adjustments are necessary. The choice lies between valuing convertible capital either as a prior charge or by deeming it to be converted into equity capital. Where the term to redemption is very short the choice will be easy as it will be possible to calculate whether the holder of the security will convert or redeem his investment. General practice is to treat the loan as fully converted for asset value purposes but the more conservative treatment is to account for the loan on the basis which produces the lower value.

In the case of split capital companies, income shares are deducted at redemption value. The benefit of increasing income accrues solely to the holder of the income share and any premium between the market value and the nominal value in no way affects the assets of the company.

A small number of trusts have warrant issues outstanding. Any attempt to incorporate these issues in the calculation would be wholly theoretical as no-one can know what the investment circumstances will be by the exercise date. For this reason warrants should always be treated as unexercised.

Overseas Investment

The accounting treatment of the investment currency premium is also affected by the going concern approach. While the full surrender penalty applies on any company liquidation, this liability otherwise only arises when the relevant securities are sold. Until that time the trust continues to benefit from any appreciation on the underlying securities (and equally to suffer on any price fall) and therefore an asset value which includes only 75% of the premium does not include the full amount of a trust's funds which are committed to overseas markets.

The investment currency premium also affects the treatment of investment surpluses or deficits on foreign currency loans. Any surplus of investment values over the nominal liability attracts the investment currency premium and this is treated as an asset. Where there is a deficit, the reverse applies and provision should be made for the premium on any investment currency which will be purchased to cover the ultimate liability. This accords with the current Bank of England treatment of such loans.

Capital Gains Tax

The treatment of capital gains tax liabilities also rests on the principles of the going concern. No adjustment is made for the potential liability as the funds are available to the trust until investments are realised.

There is nothing sinister in this treatment, which appears to be consistent with the recommendations of the recently published Exposure Draft 19. As has been mentioned above, the contingent capital gains tax liability accounts for a significant element of the difference between going concern values and break-up values.

In a brief article such as this it is difficult to cover all the arguments for and against the technical adjustments used to calculate the value of a trust share. The arguments on gearing and the investment currency premium still engender some debate and so calculations are very often made on both going concern and break-up bases. However, the differences should be appreciated. It should be emphasised that as an investment trust is a vehicle for savings, changes in asset values and in income flows must be appropriately reflected in any measurement of performance. In my view, therefore, the assessment of total return over a period of years is probably the fairest method available.

Around the Market

by Edward Sellers
Laing & Cruickshank

Investment trust share prices have underperformed recently against U.K. equities, mainly because of the weakness of Wall Street and the Dollar Premium. Excellent revenue results continue to appear, and dividend growth should average at the current rate of 18-20% (against 14% for U.K. equities) until mid-1978—possibly longer and at a higher rate if U.K. companies are freed from dividend limitation next year. Investment trust dividend increases, unlike the return on other savings media, are thus keeping ahead of the U.K. inflation rate.

Turnover in the sector has increased in the past month due partly to the reinvestment of funds received from the recent takeovers. Institutions not normally active in the trust market have participated. Seven takeovers (totalling £110m.) have so far been completed or proposed (four by financial companies and three by industrial firms).

Mendip has been indirectly unitised and eight other trusts, including London & Aberdeen and the Leopold Joseph trusts, are seeking means whereby either their share prices may reflect more closely, or shareholders themselves may have returned to them, the full value of their underlying assets.

Criticism of the trust sector's lack of marketability is now exaggerated. Investors can pursue an active policy, concentrating on individual stocks, to take maximum advantage from price movements due to, for example:

(a) Changes in dividend rates this year.

(b) Changes in a trust's recent performance and/or policy

(c) Sizeable and/or 'special' holdings in a trust's portfolio.

(d) Increases in attributable revenue and assets due to potential changes in a trust's cross-holdings.

Split trust shares are also now well worth attention.

A free booklet "Investing in Investment Trust Companies" is available from: The Association of Investment Trust Companies, Park House, (6th Floor), 16 Finsbury Circus, London EC2M 7JJ.

Net Assets Values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities £million (1)	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges at nominal value (6)	Net Asset Value after deducting prior charges at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION MONTHLY						
138.7	Alliance Trust	Ord. Stock 25p	31/5/77	8.35	256.3	265.4	35.7
24.0	Capital & National Trust	Ord. & "B" Ord. 25p	31/5/77	*3.5	154.5	151.5	19.9
9.4	Claverhouse Investment Trust	Ordinary 50p	31/5/77	3.2	93.7	93.7	1.3
8.8	Crossfriars Trust	Ordinary 25p	31/5/77	2.6	88.4	86.4	—
14.6	Dundee & London Investment Trust	Ordinary 25p	31/5/77	2.0	73.4	77.1	5.5
151.7	Edinburgh Investment Trust	Deferred £1	31/5/77	5.55	252.0	268.4	24.0
40.8	First Scottish American Trust	Ordinary 25p	1/6/77	2.55	110.2	112.3	16.9
10.9	Grange Trust	Ord. Stock 25p	31/5/77	1.81	90.5	95.5	6.8
63.3	Great Northern Investment Trust	Ordinary 25p	31/5/77	3.45	123.6	126.4	9.0
58.5	Guardian Investment Trust	Ordinary 25p	31/5/77	2.35	97.5	102.4	9.3
88.6	Investment Trust Corporation	Ordinary 25p	31/5/77	5.915	263.7	270.1	37.8
50.0	Investors Capital Trust	Ordinary 25p	31/5/77	1.2	98.7	104.7	17.6
23.1	Jardine Japan Investment Trust	Ordinary 25p	31/5/77	0.7	183.5	183.5	40.1
52.7	London & Holyrood Trust	Ordinary 25p	31/5/77	3.2	140.6	144.8	21.2
23.2	London & Montrose Investment Trust	Ordinary 25p	31/5/77	4.5	232.7	237.2	35.8
44.3	London & Provincial Trust	Ordinary 25p	31/5/77	3.0	137.2	140.0	21.5
97.8	Mercantile Investment Trust	Ordinary 25p	31/5/77	0.95	x44.8	50.2	2.8
	Do. Do.	Conv. Deb. 1988	31/5/77	£4.50	£69.50	£73.26	£3.90
48.2	Northern American Trust	Ordinary 25p	1/6/77	2.45	116.7	120.2	18.4
8.3	Save & Prosper Linked Invest. Trust	Capital Shares	31/5/77	—	133.0	133.0	—
105.7	Scottish Investment Trust	Ord. Stock 25p	31/5/77	2.05	117.9	122.1	19.8
50.4	Scottish Northern Investment Trust	Ordinary 25p	3/6/77	2.8	112.7	121.7	9.2
97.3	Scottish United Investors	Ordinary 25p	31/5/77	1.7	109.7	113.3	22.8
45.6	Second Alliance Trust	Ord. Stock 25p	31/5/77	4.73	217.9	227.1	31.0
2.0	Shires Investment Co.	Ordinary 50p	31/5/77	7.36	135.0	135.0	—
39.9	Sterling Trust	Ordinary 25p	31/5/77	4.65	219.4	226.9	32.0
68.8	United British Securities	Ordinary 25p	31/5/77	6.85	306.8	309.3	41.4
	Baillie Gifford & Co.						
114.2	Scottish Mortgage & Trust	Ordinary 25p	31/5/77	5.0	141.9	144.5	20.5
88.2	Edinburgh & Dundee Investment	Ordinary 25p	31/5/77	3.5	176.5	180.7	26.6
56.3	Monks Investment Trust	Ordinary 25p	31/5/77	1.4	63.8	64.7	8.7
14.1	Winterbottom Trust	Ordinary 25p	31/5/77	3.75	245.7	258.5	39.8
	Baring Bros. & Co. Ltd.						
35.2	Outwich Investment Trust	Ordinary 25p	3/6/77	2.53	130.9	122.8	13.5
23.7	Tribune Investment Trust	Ordinary 50p	25/5/77	11.1	894.1	897.0	147.8
	Cripps Warburg Ltd.						
‡12.6	Sizewell European Invest. Trust	Ordinary 10p	31/5/77	1.4	69.8	69.8	9.3
3.4	Atlanta, Baltimore & Chicago	Ordinary 10p	31/5/77	0.25	63.0	63.0	9.1
4.1	West Coast & Texas Regional	Ordinary 10p	31/5/77	0.5	76.5	76.5	10.8
	Edinburgh Fund Managers Ltd.						
57.5	American Trust	Ord. & "B" Ord. 25p	31/5/77	*1.1	53.1	55.4	5.0
14.5	Crescent Japan Investment Trust	Ordinary 50p	31/5/77	—	175.8	175.8	40.8
	Electra House Group						
159.2	Cable Trust	Ordinary 25p	31/5/77	5.7	177.7	177.8	11.6
	Do. Do.	Conv. Loan 1985/90	31/5/77	£6.25	£145.70	£145.80	£9.50
69.5	Electra Investment Trust	Ordinary 25p	31/5/77	4.3	130.7	132.7	10.4
†	Globe Investment Trust	Ordinary 25p	31/5/77	†	†	†	†
	Do. Do.	Conv. Loan 1987/91	31/5/77	£5.50	†	†	†
22.6	Telephone & General Trust	Ordinary 25p	31/5/77	8.5	x220.7	x231.0	x9.4
	Do. Do.	Conv. Loan 1987/91	31/5/77	£6.00	£88.50	£92.70	£3.80
10.8	Temple Bar Investment Trust	Ordinary 25p	31/5/77	§6.75	153.5	156.6	6.5
	Do. Do.	Conv. Loan 1985/90	31/5/77	£5.75	£122.80	£125.30	£5.20
	F. & C. Group						
†	Alliance Investment	Ordinary 25p	31.5.77	†	†	†	†
19.3	Cardinal Investment Trust	Defd. 25p	31.5.77	3.3	138.7	144.5	15.1
	Do. Do.	Conv. Loan 1985/87	31.5.77	£6.00	£112.30	£117.00	£12.20
6.0	F. & C. Eurotrust	Ordinary 25p	31.5.77	0.6	60.1	60.1	11.9
162.4	Foreign & Colonial Invest. Trust	Ordinary 25p	31.5.77	2.9	201.8	210.7	35.5
26.7	General Investors & Trustees	Ordinary 25p	31.5.77	3.4	130.9	136.0	11.6
	James Finlay Investment Mgmt. Ltd.						
†	Provincial Cities Trust	Ordinary 25p	31/5/77	†	†	†	†
	Gartmore Investment Ltd.						
5.8	Altifund	Income 50p	31/5/77	7.2	101.5	101.5	—
28.8	Do. Do.	Capital 50p	31/5/77	0.36	212.5	212.5	5.5
	Anglo-Scottish Investment Trust	Ord. & "B" Ord. 25p	31/5/77	*1.5	55.1	57.9	6.0
25.2	English & Scottish Investors	Ord. & "B" Ord. 25p	31/5/77	*2.2	92.4	98.4	6.8
5.5	Group Investors	Ord. & Defd. 25p	31/5/77	1.55	69.7	73.4	6.1
5.4	London & Gartmore Invest. Trust	Ordinary 50p	31/5/77	0.5	88.8	93.6	16.0
10.3	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	31/5/77	*2.1	95.3	99.2	13.6
20.9	London & Lomond Invest. Trust	Ordinary 25p	31/5/77	2.1	89.3	92.8	7.4
10.9	London & Strathclyde Trust	Ordinary 25p	31/5/77	1.25	54.0	58.5	6.1
10.2	Meldrum Investment Trust	Ordinary 25p	31/5/77	1.85	50.8	50.8	0.8
7.3	New York & Gartmore Investment	Ordinary 25p	31/5/77	0.3	40.0	40.0	3.9
	Gartmore Investment (Scotland) Ltd.						
69.6	Scottish National Trust	Ordinary 25p	31/5/77	3.05	182.3	186.4	25.7
16.9	Glasgow Stockholders Trust	Ordinary 25p	31/5/77	2.05	126.4	130.9	18.7
	John Govett & Co. Ltd.						
75.5	Border & Southern Stockhldrs. Tst.	Ordinary 50p	31/5/77	5.5	359.8	367.7	46.6
133.5	Debenture Corporation	Ordinary 25p	31/5/77	2.75	103.6	106.4	9.3
10.6	General Stockholders Invest. Trust	Ordinary 12½p	31/5/77	1.8	125.7	137.7	21.9
17.1	Govett European Trust	Ordinary 25p	31/5/77	1.6	82.4	82.4	12.5
55.5	Lake View Investment Trust	Ordinary 25p	31/5/77	2.1	112.0	116.3	14.3
	Do. Do.	Conv. Loan 1973/98	31/5/77	£4.00	£149.30	£155.10	£19.10
†	London & Aberdeen Invest. Trust	Prefd. & Defd. 5p	31/5/77	†	†	†	†
55.7	Stockholders Investment Trust	Ordinary 25p	31/5/77	2.05	114.1	119.4	16.1
	G.T. Management Ltd.						
15.9	Berry Trust	Ordinary 25p	31/5/77	0.625	74.0	74.0	5.8
	Do. Do.	Conv. Loan 1993	31/5/77	£4.25	£107.30	£107.30	£8.40
5.9	Northern Securities Trust	Ordinary 25p	31/5/77	2.45	131.2	137.6	14.8
13.3	G.T. Japan Investment Trust	Ordinary 25p	31/5/77	1.0	167.1	167.1	30.5
	Hambros Group						
21.8	Bishopsgate Trust	Ordinary 25p	31/5/77	5.25	218.1	228.3	16.5
3.4	City of Oxford Investment Trust	Ordinary 25p	27/5/77	3.0	71.4	78.2	—
43.6	Hambros Investment Trust	Ordinary 25p	31/5/77	3.25	113.3	124.9	10.4
10.1	Hellenic & General Trust	Ordinary 10p	31/5/77	1.688	52.9	60.5	—
5.3	Rosedimond Investment Trust	Capital 25p	31/5/77	—	37.4	67.4	0.8
	Henderson Administration Ltd.						
122.2	Witan Investment	Ord. & "B" Ord. 25p	31.3.77	*1.9	x108.4	114.4	14.2
†	Electric & General Investment	Ordinary 25p	31.5.77	†	†	†	†
5.2	Greenfriar Investment	Ordinary 25p	31.5.77	1.2	104.5	104.5	11.1
‡5.5	Lowland Investment	Ordinary 25p	31.5.77	1.95	57.9	57.8	2.2
2.0	English National Investment Co.	Pref. Ord. 25p	31.5.77	1.69	30.9	32.1	—
	Do. Do.	Defd. Ord. 25p	31.5.77	1.86	48.7	58.5	—
	Philip Hill (Management) Ltd.						
18.7	City & International Trust	Ordinary 25p	31.5.77	[illegible]	119.7	125.0	13.5
10.2	General & Commercial Inv. Trust	Ordinary 25p	31.5.77	4.85	161.2	171.3	16.9
[illegible]	General Cons. Investment Trust	Ordinary 25p	31.5.77	[illegible]	100.1	103.1	8.6
117.8	Philip Hill Investment Trust	Ordinary 25p	31.5.77	[illegible]	208.8	211.4	10.2
[illegible]	Moorgate Investment Co.	Ordinary 25p	31.5.77	†	†	†	†
36.5	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	31/5/77	7.35	250.6	269.8	38.1
	Ivory & Sime						
98.4	British Assets Trust	Ordinary 25p	31.5.77	[illegible]	81.2	85.5	11.9
32.3	Edinburgh American Assets Trust	Ordinary 25p	31.5.77	[illegible]	116.7	119.9	22.8
36.1	Atlantic Assets Trust	Ordinary 25p	31.5.77	[illegible]	102.5	109.2	19.0
15.9	Viking Resources Trust	Ordinary 25p	31.5.77	[illegible]	118.5	118.5	12.4
	Leopold Joseph & Sons Ltd.						
3.5	Anglo-Welsh Investment Trust	Ordinary 50p	31.5.77	1.55	59.9	65.2	—
5.5	Leopold Joseph Investment Trust	Ordinary 25p	31.5.77	1.4	83.8	90.2	—
4.8	Thanet Investment Trust	Ordinary 50p	31.5.77	2.4	76.2	79.6	—
	Keyser Ullmann Ltd.						
32.4	Throgmorton Trust	Ordinary 25p	31.5.77	4.0	67.5	73.1	—
10.0	Throgmorton Secured Growth Tst.	£1 Capital Loan	31.5.77	—	—	152.4	—
	Kleinwort Benson Ltd.						
25.8	British American & General Trust	Ordinary 25p	31.5.77	1.4	49.4	50.3	5.2
†	Brunner Investment Trust	Ordinary 25p	31.5.77	†	†	†	†
†	Charter Trust & Agency	Ordinary 25p	31.5.77	†	†	†	†
[illegible]	English & New York Trust	Ordinary 25p	31.5.77	2.15	92.3	94.4	12.7
3.3	Family Investment Trust	Ordinary 25p	31.5.77	[illegible]	75.0	75.0	—
2.7	Jos Holdings	Ordinary 25p	31.5.77	2.15	65.1	65.1	3.4
5.1	London Prudential Invest. Trust	Ordinary 25p	31.5.77	2.4	79.9	82.9	7.6
46.5	Merchants' Trust	Ordinary 25p	31.5.77	2.275	86.3	89.8	12.2
	Lazard Bros. & Co. Ltd.						
†	Raeburn Investment Trust	Ord. Stock 25p	31/5/77	†	†	†	†
40.1	Romney Trust	Ord. Stock 25p	31.5.77	2.55	113.2	115.8	16.2
	Martin Currie & Co., C.A.						
9.6	Canadian & Foreign Invest. Trust	Ordinary 25p	31.5.77	[illegible]	135.0	139.1	20.3
18.5	St. Andrew Trust	Ordinary 25p	31.5.77	3.65	147.1	152.7	19.5
92.1	Scottish Eastern Investment Trust	Ordinary 25p	31.5.77	[illegible]	159.6	168.1	20.2
23.9	Scottish Ontario Investment Trust	Ordinary 25p	31.5.77	[illegible]	161.9	166.8	27.6
56.2	Securities Trust of Scotland	Ordinary 25p	31.5.77	5.4	219.8	240.4	35.0
3.1	Western Canada Investment Co.	Ordinary 25p	31.5.77	13.0	688.9	705.9	102.2
	Murray Johnstone Ltd.						
42.1	Caledonian Trust	Ord. & "B" Ord. 25p	31.5.77	*1.4	93.3	97.1	16.7
64.0	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	31.5.77	*1.45	90.0	93.1	16.2
15.0	Glendevon Investment Trust	Ord. & "B" Ord. 25p	31.5.77	*1.4	112.4	115.8	20.4
6.0	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	31.5.77	*1.45	69.2	80.2	14.7
18.2	Scottish & Continental Investment	Ordinary 25p	31.5.77	1.2	72.5	72.5	10.7
71.0	Scottish Western Investment	Ord. & "B" Ord. 25p	31.5.77	*1.95	112.0	117.3	19.7
23.0	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	31.5.77	*1.6	103.2	107.1	19.5
	Schroder Wagg Group						
19.9	Ashdown Investment Trust	Ordinary 25p	31.5.77	[illegible]	160.5	176.5	21.1
	Do. Do.	Conv. Loan 1988/93	31.5.77	£4.75	£118.60	£123.60	£14.60
26.6	Broadstone Investment Trust	Ordinary 20p	31/5/77	4.5	172.1	180.9	20.4
	Do. Do.	Conv. Loan 1988/93	31/5/77	£4.50	£114.70	£120.60	£13.60
†	Continental & Industrial Trust	Ordinary 25p	31/5/77	†	†	†	†
27.4	Trans-Oceanic Trust	Ordinary 25p	31.5.77	4.2	208.3	216.0	28.5
	Do. Do.	Conv. Loan 1988/93	31.5.77	£4.50	£130.20	£135.00	£17.50
12.5	Westpool Investment Trust	Ordinary 25p	31/5/77	2.85	129.1	133.1	18.9
	Do. Do.	Conv. Loan 1989/94	31/5/77	£5.00	£116.20	£119.80	£15.20
	Stewart Fund Managers Ltd.						
64.4	Scottish American Investment Co.	Ordinary 50p	31/5/77	1.95	90.9	94.7	9.7
10.7	Scottish European Investment Co.	Ordinary 25p	31/5/77	1.2	46.4	46.4	3.3
	Touche Remnant & Co.						
91.8	Atlas Electric & General Trust	Ordinary 25p	31/5/77	1.6	72.0	75.1	5.6
29.6	Bankers' Investment	Ordinary 25p	31/5/77	2.3	69.3	74.2	8.0
14.3	C.L.R.P. Investment Trust	Ordinary 25p	31.5.77	1.6	81.3	85.9	6.6
28.8	Cedar Investment Trust	Ordinary 25p	31/5/77	2.1	80.2	83.0	7.0
35.1	City of London Brewery	Deferred 25p	31/5/77	2.1	65.9	70.4	1.9
28.5	Continental Union Trust	Ordinary 25p	31/5/77	[illegible]	145.4	151.4	16.2
160.1	Industrial & General Trust	Ordinary 25p	31.5/77	[illegible]	62.9	65.3	6.1
34.6	International Investment Trust	Ordinary 25p	31.5.77	2.34	91.9	97.5	9.4
45.3	Sphere Investment Trust	Ordinary 25p	31/5/77	2.9	138.0	144.4	17.9
32.0	Trust Union	Ordinary 25p	31/5/77	2.8	124.1	128.9	9.1
57.6	Trustees Corporation	Ordinary 25p	31/5/77	3.4	166.9	173.0	11.6
	VALUATION THREE-MONTHLY						
5.2	Kingside Investment Co.	Ordinary 25p	31.3.77	1.9	x48.9	x49.3	0.5
8.9	Safeguard Industrial Investments	Ordinary 25p	31.3/77	3.1	75.3	77.5	—
	City Financial Administration Ltd.						
4.4	Acorn Securities	Capital Ord. 1p	1/6/77	—	93.5	93.5	9.9
16.2	General Funds Investment Trust	Ordinary 25p	27/5/77	4.1	199.3	204.2	22.2
	Do. Do.	Conv. Ord. 10p	27/5/77	—	167.4	171.6	18.6
13.6	"Investing in Success"	Ordinary 25p	18/5/77	2.405	180.7	184.9	27.8
	Drayton Montagu Portfolio Managmt.						
82.3	Drayton Premier Investment	Ordinary 25p	31/5/77	6.0	248.2	257.0	36.4
	Do. Do.	Conv. Loan 1993	31/5/77	£7.50	£153.90	£160.60	£22.80
	Do. Do.	"A" Conv. Loan 1993	31/5/77	£7.50	£153.00	£159.70	£22.60
69.2	Drayton Consolidated Trust	Ordinary 25p	31/5/77	4.125	187.8	195.9	27.8
	Do. Do.	Conv. Loan 1993	31/3/77	£7.50	£150.30	£156.70	£22.20
	Do. Do.	"A" Conv. Loan 1994	31/5/77	£6.50	£152.60	£159.30	£22.60
	Do. Do.	"B" Conv. Loan 1994	31/5/77	£6.50	£155.80	£162.50	£23.00
47.8	Drayton Commercial Investmt. Co.	Ordinary 25p	31/5/77	4.0	166.3	171.9	21.2
	Do. Do.	Conv. Loan 1986	31/5/77	£6.25	£133.00	£137.50	£17.00
13.0	English & International Trust	Ordinary 25p	31/5/77	3.5	114.2	120.7	15.9
	Do. Do.	Conv. Loan 1986	31/5/77	£7.00	£138.40	£146.30	£19.20
8.6	Colonial Securities Trust	Deferred 25p	31/5/77	7.0	317.8	333.7	40.9
7.1	British Industries & Gen. Inv. Trust	Deferred 25p	31/5/77	3.0	135.8	139.8	19.4
	Do. Do.	Conv. Loan 1994	31/5/77	£6.50	£150.80	£155.40	£21.50
6.0	Drayton Far Eastern Trust	Ordinary 25p	31/5/77	0.8	50.1	50.1	12.8
3.0	City & Foreign Investment Co.	Ordinary 25p	1/6/77	—	68.9	68.9	20.3
6.6	Montagu Boston Investment Trust	Ordinary 10p	31/5/77	0.875	68.0	66.0	11.9
	East of Scotland Investment Mngrs.						
39.1	Aberdeen Trust	Ord. Stock 25p	31/3/77	4.025	159.0	169.5	18.0
11.2	Dominion & General Trust	Ordinary 25p	31/5/77	6.75	242.1	254.9	33.0
27.4	Pentland Investment Trust	Ordinary 25p	31/5/77	3.4	145.6	150.4	22.1

Applies to Ordinary "A" Ordinary only. § Includes special dividend. ¢ Adjusted for scrip issue. ¤ Adjusted for rights issue. † Company will announce year-end or interim results shortly. x See note (h) below. ⊕ Not directly comparable with previous published figure. B Dependent on "B" share conversions. ‡ Change in the prior charges since the previous published figure.

Notes:—

(a) Cols. 1, 6, 7 Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated: columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

MINING NEWS

Mount Newman defers expansion plans

BY KENNETH MARSTON, MINING EDITOR

THE UNEXPECTEDLY slow recovery in Japan's steel industry, which is the major customer for the Western Australian iron ore producers, has now resulted in the deferment of Mount Newman's plans to upgrade its overburden, reports our Perth correspondent.

Mount Newman, which operates the world's biggest open-pit iron mine at Mount Whaleback in the Pilbara is owned by Broken Hill Proprietary, CSR, Amax, Selection Trust, C. Itoh and Mitsui.

In September last year, three of the big Pilbara groups seemed ready to introduce major expansions. Of these, only the Rio Tinto-Zinc group's Hamersley has proceeded on schedule with a heavy media separation plant to upgrade stockpiled mine waste from an average of 53 per cent. iron to 63 per cent.

The Robe River group's proposal to lift annual output from 5.8m. tonnes to 9.8m. tonnes has gone ahead only in an amended form. And now Mount Newman has put back its plans for a similar type of operation to that of Hamersley.

In essence, the Mount Newman situation was that the Japanese steel mills indicated that they would take the throughput if Mount Newman built the plant: the Mount Newman partners responded that they would build the plan only if they were given contracted sales.

Until the past week or so it seemed that a compromise had been reached, but the Japanese have asked that sales discussions be deferred until the end of August at least. Meanwhile, studies on the engineering for the project continue at a low-key level.

Mount Newman has also been hit by a strike called during the final negotiating phase of a new iron ore agreement. The men have been out for two weeks and on Wednesday a confrontation threatened when about 200 of them tried to take over the administration block. At another meeting yesterday the strikers voted overwhelmingly to stay out and they will meet again on Tuesday to consider the issues involved.

ASA BUILDS UP COAL INTERESTS

The Johannesburg investment concern, ASA, which provides a vehicle for U.S. investment in South African shares, has continued to build up its investment in coal and manganese issues, the half yearly report reveals.

ASA increased its holdings over the quarter to May. In South African Manganese Amcor, Tavistock Collieries and Trans-Natal Coal. It has also bought more shares in Bishopsgate Platinum. But the extent of its stake in South African gold shares has remained unchanged.

Between the end of last November and the end of last May, the holding in South African Manganese was built up from 33,700 to 60,000 shares, the holding in Tavistock from 8,000 to 15,000 shares and the holding in Trans-Natal from 298,500 to 542,000 shares.

At the end of May, ASA's net assets were valued at R12.83 (£8.59) per share according to Johannesburg Stock Exchange quotations, compared with R15.22 at the end of February. The shares were £14¾ yesterday.

AMAX RAISES MORE CASH

The U.S. mining house, Amax, has made arrangements to sell $100m. (£58.1m.) worth of 7¾ per cent. Series C preferred stock to institutional investors. The shares, which are non-convertible, have an average life of seven years.

The proceeds of the sale will be used to fund the group's capital expenditure programme, which includes the expansion of coal and molybdenum production. But Amax states that it is not anticipated that any further major funding will be required this year, on the basis of present needs.

Last December Amax sold $75m. worth of sinking fund notes to institutional investors. Amax were £35¼.

HARMONY FIRE

The underground fire which was discovered on Friday in the No. 2 shaft area at Harmony Gold is being contained. Mine production has been reduced by about 10 per cent. and will continue at this rate until the fire is extinguished.

Owing to processing time and the amount of ore now in various phases of treatment in the plant, the decrease in gold production will not be reflected in the current quarter's results, it is stated. Harmony were 297p yesterday.

GMK capital plan approved

THE CAPITAL reconstruction of Gold Mines of Kalgoorlie has been approved by shareholders, which include Western Mining with a 31.7 per cent. stake, and now awaits court approval. The scheme involves writing off $A4.6m. (£2.96m.), thus reducing the par value of the 6.18m. GMK shares from $A1 to 25 cents. After the court confirmation GMK will announce the terms of its proposed share issue.

The company has no income or cash resources, its hopes for the future being pinned to an indirect interest of 24 per cent. in the Mount Charlotte gold mine. The latter, which is the last remaining mine on Kalgoorlie's once-famous Golden Mile is run by Kalgoorlie Lake View which has a 52 per cent. holding in the property with America's Homestake having the remaining 48 per cent.

In turn, KLV is owned as to 47 per cent. by GMK, 47 per cent. by Poseidon and 6 per cent. by Western Mining. As a gesture of faith in Mount Charlotte and the future of the gold price a $A2.4m. (£1.54m.) treatment plant programme is to be carried out which aims at reducing production costs by around $A10 per ounce from the present level of about $A125.

When the proposals were announced last month the Australian gold price was standing at $A133.20 whereas it has since fallen to $A126. At the time it was stated that Western Mining would take up its proportion of the GMK issue provided there was no material change in the bullion price between then and the granting of the court confirmation of GMK's capital reduction.

However, if Western Mining should have second thoughts about the issue this will not affect financing of the Mount Charlotte plant programme. Money for it is to be provided from current cash flow and funds in hand with Homestake being prepared to provide any shortfall. GMK were 30p yesterday.

MINING BRIEFS

CONZINC RIO TINTO MALAYSIA—Sri Timah May production 183.48 tonnes (April 111.25 tonnes).

SAINT PIRAN—Production for May: U.K., tonnes treated 19,349 tonnes produced, 331 tonnes tin concentrates. Malaysia, produced 23 tonnes. April 108 and 22 tonnes respectively.

NSW coal dispute

COAL companies in New South Wales are upset at a decision by the State Government to site a modern new coal loader at Port Kembla, south of Sydney, reports our correspondent. The companies had been hoping that the loader would be located at Botany Bay in Sydney.

The matter has been up in the air since 1975 when the State Pollution Control Commission recommended Botany Bay as the site. However, there was a change of State Government soon after and the new administration set up another inquiry to honour election promises.

Faced with considerable environmental opposition to Botany Bay, the State Government has opted for Port Kembla as the alternative, together with an upgrading of an existing small coal loader at Balmain, in Sydney.

The coal companies are dismayed with the decision, although they are adopting a low-key approach at this stage. Those immediately affected include Austen and Butta, Oakbridge and Clutha Development (a member of the Daniel Ludwig Group) although other companies, including Broken Hill Proprietary and Thiess, have expansion plans [illegible]

The NSW Government claims that Port Kembla would cost about $A180m. (£116m.) against $A130m. for Botany Bay. But the companies claim that Botany Bay would have only involved a total expenditure of around $A75m. and that the Port Kembla project, which involves a new railway line to Sydney, would cost more like $A300m.

The companies also dispute the Government's claim that the Port Kembla loader could be in production within 2½ to 3 years, the timetable if Botany Bay had received approval. They point out that considerable study has been done on Botany Bay, but studies on a new rail line would be needed for the Port Kembla project, while it will take up to six months to even decide whether Port Kembla would need an onshore or offshore loader.

At stake are additional long term contracts for several million tonnes of steaming coal a year—mainly to European power utilities. The companies maintain that the contracts could mean expansion projects totalling about $A200m. and providing about 16,000 extra jobs. They will not come to fruition if the Government persists with Port Kembla, it is claimed.

Lee Cooper more than doubled

MANUFACTURERS AND distributors of jeans etc., Lee Cooper Group reports pre-tax profits more than doubled from £1.02m. to £2.5m. for the year to March 31, 1977. At halfway the rise was from £0.31m. to £1.06m.

The final dividend is 1.625p net effectively lifting the total from 1.625p to 2.4375p per 25p share. Treasury permission for the increase has been granted as the group trades and operates almost exclusively overseas. A one-for-two bonus issue is also proposed.

Mr. Harold Cooper, the chairman reports that all activities both at home and abroad are operating profitably and show good progress. Last year the U.K. company returned a pre-tax loss of £255,000 on a turnover of £2.9m. In Europe and North Africa the group made a pre-tax profit of £1.3m. on a turnover of £17m. This year the U.K. operation turned in profits of £314,000 pre-tax on a turnover of £3.2m. with Europe and North Africa showing £2.2m. on a turnover of £25.3m.

The U.K. trading company and the parent company which currently have a March 31 year end, are being brought into line with the other companies, all of which have a December 31 year end. This is to be carried out over two years. The U.K. company closed its accounts on December 31, 1976 after nine months trading and the parent company will next year close its accounts on December 31, 1977 again after nine months trading. The first full 12-month period to December year end for all the companies in the group will therefore be to December 31, 1978.

Sumrie Clothes profitable in second half

Sumrie Clothes returned to profitability in the second half of 1976-77, with a pre-tax balance of £119,000. This left the figure for the year ended April 2, 1977 at £93,000, compared with £146,000 in the previous year. Group turnover amounted to £3.9m. against £4.12m.

The dividend is unchanged at 1.25p.

The group has again been successful in containing and even reducing overhead costs at a time of high inflation, and during the period the group continued to adjust production capacities down to demand levels.

Stock volumes were reduced during the second half, which eased cash flow and enabled significant reductions in bank borrowings to be achieved.

The directors report that sales deliveries since the year end are well ahead of the same period last year. They are confident that the programme of re-equipping major parts of the production division in progress will, with other measures, enable the company to continue to secure the best possible results in prevailing conditions.

Laganvale Estate

a policy of letting the group's remaining properties and the directors expect the income from these will substantially cover finance charges during the year ended April 30, 1978.

For the half year ended October 31, 1976 the company reports a loss of £69,062 (£96,909), after bank interest and charges of £106,043 (£93,373). In 1975-76 the deficit was £175,820, after interest of £206,000.

Agreement was reached on February 11, with a major creditor to reduce borrowings from £819,000 to £364,270. This adjustment was not reflected in the interim accounts. Negotiations with other creditors have been successful and have resulted in further reductions of liabilities which will be reflected in accounts for the year ended April 30.

Boots to seek further overseas expansion

SO THAT a smaller proportion of the group's business is subject to the strains and stresses of the U.K. economy Boots intends to build for the future on a broader international base, according to Mr. G. Hobday, chairman.

He believed, however, that there is still a lot of scope for retailing operations in this country.

The group's change of emphasis will continue steadily and prudently and the three recent developments in Canada, U.S. and Germany provide good bases for further development.

In the year ended March 31, 1977, group pre-tax profit expanded from £72.2m. to £91.1m., on sales up from £611.2m. to £735m. Adjusting for inflation on CPP basis the profit would be £76.4m. (£64.8m.). The chairman says that of the 20.2 per cent. sales increase about a third represents a real growth in volume.

At Boots The Chemists counter sales increased by some 19 per cent. of which about two thirds is accounted for by price inflation. This means that in a difficult year the group has achieved a substantial element of real sales growth—stemming partly from extra selling space and partly from an enhanced selection.

Capital investment in the year amounted to £37m. Of this £23.1m. was in respect of shops and a total of 296,000 sq. ft. was added to the net sales area which now stands at 4m. sq. ft. During the year 34 new shops have been opened and a number of others extended—at the year end the group had 1,247 branches. In the current year the group will maintain a shop development programme of a similar size.

The chairman says that the continued growth of sales volume through the shops has placed increased demands on the warehousing and distribution operations. Major new warehouse facilities are planned.

Referring to the manufacturing side the chairman explains that the depressed economy has resulted in some of the factories again operating below capacity. Although in money terms output was up 18.5 per cent. at £128.9m. at manufacturing prices, the volume of production in the pharmaceutical department was static.

Pharmaceutical sales in the UK reached a record level although there was severe competition particularly against the group's anti-rheumatic product Brufen. Sales of this product continue to grow and it is brand leader in major world markets such as U.S., Japan and Eastern Europe. The chairman considers the formation of Boots Galenika in Yugoslavia as a major milestone for future development in that part of the world.

Pharmaceutical exports have shown good growth. Exports to Africa totalled £3m. and despite many difficulties the chairman considers it an important area for future growth.

Overseas subsidiaries had a very good year with sales up 33.9 per cent. to £44m. while pre-tax profits jumped 56 per cent. to £9.5m. This growth was achieved in the face of increasing price controls on pharmaceuticals throughout the world.

A source and application of funds statement shows an outflow of net cash and short term investments of £4.6m. (£16.7m. inflow). Commitments at the year end stood at £29.5m. (£36.3m.).

Meeting, 20, Aldermanbury, EC, July 14 at 11.15 a.m.

Statement Page 25

Record £2m. by Triplex

ON SALES up from £21.7m. to £28.6m., Triplex Foundries Group lifted pre-tax profits from £1.44m. to a record £2.04m. in the year to March 31, 1977. At midway the rise was from £0.68m. to £0.92m.

Full-year attributable profits increased from £702,133 to £991,678 and the final dividend is 4.2138p gross for a 5.6218p (5.11077p) total. The final dividend is equal to 2.739p net with ACT at 35-65ths and an additional payment will be made with next year's interim if ACT is reduced.

	1976-77	1975-76
	£	£
Sales	28.6m.	21.7m.
Foundries	19.31m.	14.19m.
Engineering	6.60m.	5.39m.
Other activities	3.47m.	2.30m.
Less internal	0.19m.	0.18m.
Profits before tax	2,036,436	1,444,733
Foundries	1,432,501	958,145
Engineering	340,251	365,082
Other activities	263,584	121,506
Tax	1,038,067	746,389
Extra-ord. credits	—	10,580
Pref. dividends	5,891	5,891
Attributable	991,678	702,133
Ord. dividends	341,889	286,456
Retained	649,789	415,677

The directors say that demand is continuing at a fairly high level and, given a satisfactory economic climate—in particular a smooth transition from phase two of the pay code, they expect the group to show further improvement in the current year.

CAPITAL THEATRES

Following Green Group offer for Capital and Allied Theatres, Green now holds 76.11 per cent. of the Preference and 93.56 per cent. of the Ordinary. The offer is extended to June 28.

LOFs good second half

ATTRIBUTABLE PROFIT of London and Overseas Freighters for the second half of the year to March 31, 1977, was £2.72m., a turnround from a loss last time of £146,162. This gave the group an advance of £3.19m. to £5.24m. for the year as a whole.

The group's wholly-owned shipbuilding subsidiary, Austin and Pickersgill, is to be nationalised with vesting day on July 1. Excluding A and P, the group showed a turnround at the attributable level from a loss of £1.67m. to a profit of £4.34m.

At the trading level, the group's shipowning activities showed a loss of £296,414 against a loss last time of £1.54m. The trading profit of £1.7m. (£1.92m.) was achieved after a contribution of £1.99m. (£3.47m.) from A and P's shipbuilding activities.

The directors say that in view of the trading loss sustained on shipowning activities and the continuing need to conserve resources until the fleet returns to profitable trading, they have decided not to recommend a dividend out of the surplus arising on the sale of vessels during the year or the accumulated profits of previous years. However, they consider it right and proper that the profits arising from the shipbuilding activities of A and P, so far as they have been received by LOF, should be passed on to holders.

Following this course last year meant that the dividend of £1m. received from A and P was distributed in the form of a dividend of 2.03p per share and the relevant ACT. Subsequently the Department of Industry permitted additional dividends to be paid to the parent company in respect of the years ended March 31, 1975 and 1976, aggregating £281,778. It is proposed to pass these supplementary dividends on to LOF holders together with the £1,314,746 which has been received in respect of the year under review. Accordingly, they are recommending a dividend of 3.32076p net per 25p share.

The directors state that LOF's interest in A and P is confined to a dividend of approximately £330,000 receivable in respect of the three months ended on June 30, 1977, and the amount of compensation receivable from the Government. They add that they can give no indication of the likely amount of the compensation, nor of the date when it will be received.

The group has Eurodollar borrowings aggregating $34m. which are repayable at various intervals over the next decade. If these loans were to have been repaid on the balance sheet date at the rate of $1.72 to the £ then ruling, the cost would have been £5.47m. more than the book figure.

The directors are of the opinion that it would be wrong to attempt to assess the potential loss (or profit), if any, which might arise over the period of the loans. Nor do they subscribe to the view, held by the company's auditors, that provision should be made out of profits for any possible losses which might arise in the future in this respect. The Board considers that the increased cost of paying off loans may properly be regarded as increasing the capital cost of the vessels concerned, but they have adopted the more conservative procedure of writing off losses on exchange actually incurred on loan repayments made during the year.

● comment

The most significant feature of London and Overseas Freighters' full-year profits is the 60 per cent. rise in the dividend payment, which puts the shares at 50p on a yield of 10.9 per cent. Whether that payment can be maintained this year, though, is another matter. In effect this is part of the group's policy of passing Austin and Pickersgill's dividends on to the LOFs' shareholders, and in 1976-77 the figure includes payments from prior years. In 1977-78 LOFs' share of the A and P returns will be no more than about £0.3m. and there also seems little chance this year that the surplus on ship sales will be anywhere near the £5.24m. of 1976-77. That leaves the shares with little obvious attraction ahead of the A and P compensation negotiations, especially since the exclusion of A and P from last year's figures turns the interest credit into a deficit — which raises a question about where the £21m. cash in the last accounts really belongs.

B & C Shipping exceeds forecast with £25m.

WITH SHIPPING turning in doubled operating profits of £10m., the group pre-tax balance of the British and Commonwealth Shipping Company advanced from £16.4m. to £25.2m. in 1976 which compares with the mid-term forecast of a result in excess of £20m.

The result includes profit on sale of ships up from £0.87m. to £3.4m. and is struck after currency loan losses of £1.43m. (£0.94m.) and a leisure deficit of £2.88m. (£1.09m.).

Earnings per 50p share are shown to be up from 26.8p to 31.6p and if the results of associates were included the figure would be 28.9p. The dividend is increased from 7.54p to 8.29p net, with a final of 4.2885p.

	1976	1975
	£000	£000
Gros revenue	215,160	181,500
Profit shippg., aviation etc.	30,352	24,282
Profit sale of ships	3,392	887
Profits contracts	—	490
Making	33,774	25,639
Depreciation	13,458	12,679
Interest	2,734	2,221
Operating profit	17,582	10,739
Other income	10,944	9,108
Portfolio investments	2,348	2,037
Associates	1,663	2,078
Other investments	2,456	1,770
Interest received	4,517	3,220
Other interest paid	3,602	3,446
Pre-tax profit	25,184	16,396
Taxation	13,105	6,436
Minorities	1,825	1,290
Extraord. debits	2,145	1,008
Dividends	2,685	2,441
Retained	5,424	5,121

Unrealised losses at December 31, 1976, on currency loans at the exchange rates ruling at that date amount to £6.7m. Assuming the loans are repaid in normal course at these rates the losses would be charged to operating profits, as follows (£000s): 1977, 1,483; 1978, 1,471; 1979, 1,277; 1980, 1,170; 1981, 866; 1982, 435.

The leisure losses include £1,075,000 as a provision for terminal losses, following the disposal of Castle Holidays, BCA Travel and the termination of a lease of an hotel in Tenerife, the directors explain.

The 1974 underwriting year of The Scottish Lion Insurance which closed on December 31, 1976, resulted, as expected, in a substantial loss amounting to £906,000.

Tax relief on this loss, together with the carry forward of profits and the strengthening of the fund in earlier years in anticipation of this loss, left a balance in the fund adequate to meet future liabilities related to premium income.

Nevertheless, a transfer of £200,000 has been made from profit and loss to strengthen the fund.

The increased rate of tax arises largely from losses incurred overseas which are not available to offset against U.K. tax and the receipt of dividends from foreign subsidiaries, paid out of profits of earlier years and included in group accounts for such years, being liable to U.K. tax.

As forecast in the interim statement a provision of £3.25m. has been made to provide for the diminution in the value of investments in a group of associates engaged, in the main, in pipe-laying support services. Of this sum, £2.12m. has been dealt with in arriving at a figure of £187,000 being the group's proportion of profits and losses of associates, leaving a balance of £1,135,000 as a further provision against the residual value of such investments.

Profits less losses of £1,105,000 arising on disposal of investments and properties reduce the net amount written off to £2,143,000.

The principal companies within this group of associates are now in liquidation and the support ship has been acquired by a group subsidiary, the directors state.

Results of Caledonia Investments whose principal investment is a 40 per cent. stake in B&C Shipping) show pre-tax profits up from £2.73m. to £3.07m. for the year ended March 31, 1977, on a turnover of £5.54m. (£4.25m.).

Earnings per 25p share are up from 9.06p to 9.08p; and the dividend is increased from 6.80p to 7.55p, with a final of 4.01p net.

Pre-tax profits of Amber Industrial Holdings, a subsidiary of Caledonia, are up from £175,005 to £227,725, and earnings per 10p share are shown to be ahead from 2.92p to 3.62p. The dividend is 0.48763p net (0.4433p).

All three companies intend to make a further payment if ACT is reduced.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Brunner Investment Trust, Flexello Castors and Wheels, Raeburn Investment Trust, Spencer Clark Metal Industries, Turner Manufacturing.

Finals—Anglo-Indonesian Plantations, Bell and Sime, Cavenham, El Oro Mining and Exploration, Exploration Company, Knott Mill, Milbury, B. Paradise, Sterling Industries, Jonas Woodhead.

FUTURE DATES

Interims—	
Cardiff Malting	June 23
Dewhurst and Partner	July 15
Killinghall (Rubber)	June 23
M. and G. Dual Trust	June 29
Nash (J. F.) Securities	July 1
Finals—	
Continuous Stationery	June 22
Elliott (B.)	June 23
Haslemere Estates	July 21
Laurence Scott	June 30
Lowe and Brydone	June 22
Phillips Patents	June 22
Russell Bros. (Paddington)	June 23
United Gas Industries	July 14

COMPANY ANNOUNCEMENT

Harmony Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

The fire which was discovered on Friday, 10th June, in the area served by No. 2 shaft, Harmony, has not yet been extinguished but is being contained. The stoping areas directly affected by the fire are very limited but in view of underground ventilation arrangements it has been necessary to suspend mining operations in some adjoining areas.

The mine output has consequently been reduced by approximately 2 500 tons per day which is about 10 per cent of normal production and this will continue until the fire is extinguished. The reduction in gold output will be somewhat in excess of 10 per cent. because the area affected by the fire and the area in which mining has been suspended, are in the higher grade northern section of the mine. However, due to processing lead time and the substantial inventory of ore in various phases of treatment, the decrease in gold output will not be reflected in the result of operations for the quarter ending 30th June.

Johannesburg.

17th June, 1977

GUINNESS

Interim Statement

Group Profit for 24 weeks to 12th March, 1977

UNAUDITED

	Notes	1977 £m	1976 £m
TURNOVER		225.6	176.3
PROFITS			
TRADING PROFIT	1		
Brewing		12.8	12.8
Confectionery		—	0.2
General Trading		2.5	0.9*
Leisure		0.5	−0.4
Plastics		0.7	0.3
Property		0.1	0.1
		16.6	13.9
Investment income		0.4	0.4
		17.0	14.3
Interest charges		2.7	2.7
		14.3	11.6
Share of profits of associated companies		2.8	3.2
PROFIT BEFORE TAXATION		17.1	14.8
Taxation	3	8.1	6.6
PROFIT AFTER TAXATION		9.0	8.2
Minority interests		1.1	0.7
		7.9	7.5
Extraordinary items		0.9	0.6
PROFIT ATTRIBUTABLE TO STOCKHOLDERS		7.0	6.9
INTERIM DIVIDEND		2.1	1.8
EARNINGS PER 25p STOCK UNIT		9.3p	8.8p

*Figures re-stated for the purposes of comparison.

INTERIM DIVIDEND FOR 1977

An interim dividend of 2.3804p per 25p stock unit has been declared which together with the associated tax credit at 35% is equivalent to 3.6622p (3.3292p) per 25p stock unit, an increase of 10% compared with last year. The interim dividend will be paid on 11th August, 1977.

NOTES

1. (a) Trading profit is after charging depreciation of £4.8m (£4.3m).
   (b) The following table shows the trading profit of holding and subsidiary companies attributable to sales in each territory:—

	1977 £m	1977 %	1976 £m	1976 %
United Kingdom and Republic of Ireland	9.2	56	8.9	64
Overseas	7.4	44	5.0	36
	16.6	100	13.9	100

   (c) The increase of £2.4m in overseas trading profit includes £0.7m which can be attributed to the conversion of this year's profit at exchange rates which were more favourable than those used in converting last year's profit.

2. The offer to acquire the shares in White Child & Beney Ltd. was declared unconditional on 14th February, 1977 following the increase in our holding to over 50% of the shares of that company. In view of the short period between 14th February and 12th March, 1977, the date to which the interim results of the Guinness Group have been prepared, the profits of White Child & Beney have not been consolidated.

3. (a) Taxation includes deferred taxation.
   (b) Taxation in R.O.I. and Overseas amounts to £3.7m (£3.3m).
   (c) U.K. Corporation tax has been provided at the rate of 52% (52%).

At the Annual General Meeting in February, I expressed my belief that profits for the current year would be close to those of 1976. It is now becoming clear that, in spite of the satisfactory interim results that I am now reporting, it will be difficult for your Company to match last year's profits. The factors which particularly helped the Company in the second half of last year have not recurred.

During the first half of the year there has been a partial recovery in most of the business activities in which your Company is engaged, but sales of Guinness in all the home brewing markets are slightly down. In the case of bottled Guinness this is in line with the general trend of a continuing swing from bottled to draught beers.

For the year to September we are still expecting substantial improvements in the non-brewing sector, mainly in the General Trading and Plastic Moulding divisions, but results from the brewing sector are expected to be well below last year's record level. Although we should achieve a useful increase in overseas brewing profits, the profits from the home brewing companies will be lower. This adverse result will be principally due to our failure to get a price increase in the Republic of Ireland. The uncertainties of price control arrangements in our main markets in the world continue to make it difficult to achieve a year by year increase in the profits of your Company or to earn an acceptable return on the capital employed in the business.

R. A. McNEILE
Joint Chairman.

ARTHUR GUINNESS SON AND COMPANY LIMITED

BIDS AND DEALS

Dolan Pkg. takes Swedish offer

The mystery suitor for Dolan Packaging turns out to be Aktiebolaget Statens Skogsindustrier, a subsidiary of the Swedish state holding company Statsforetag, which has weighed in with a recommended £14.5m. for the company at 168p a share in cash.

Last week Dolan announced that it was having talks and news of the terms brought a 48p jump in the share price from its suspension price of 120p to 168p yesterday.

The directors of Dolan are recommending the offer in respect of their 0.3 per cent. holding and other shareholders, amounting to 30.9 per cent. of the shares, have irrevocably accepted the offer. Accepting shareholders, subject to the offer becoming unconditional, will receive a second interim dividend of 1.08p a share net.

Holders of the outstanding £532,620 of 8½ per cent. Convertible loan stock will be offered £332.56 in cash for each £100 nominal of the stock; holders would be entitled to retain the interest payment due on June 24.

ASSI specialises in the production and marketing of timber, board and paper products. Its U.K. interests include Flexer Sacks, manufacturers of sacks.

ASSI has been advised by Hambros Bank and Dolan by County Bank.

The acquisition is part of a general pattern for the large producers of kraft liner to try to secure outlets in the packaging business. Dolan was one of the few independent packaging companies of any size remaining in the U.K.

ASSI, which has an output of about 400,000 tonnes a year, recently bought an interest in the Danish packaging company Dansk Kraftemballage.

Recently Svenska Cellulosa, one of the other large Scandinavian producers of kraft liner bought a 49 per cent. stake in the corrugated packaging activities of Jefferson Smurfit, the Dublin-based company.

The producers of kraft liner are facing increasing competition from home-produced test liner made from recycled paper. The market is also under pressure from plastic packaging materials.

At present about 500,000 tonnes of kraft liner is imported into the U.K. each year, while test liner is being used at the rate of about 300,000 tonnes a year.

For some years the American producers have had tied outlets in the U.K., which is one of Europe's largest importers of kraft liner. It now appears that the Scandinavian producers are anxious to secure their own part of the market.

The market leader in the U.K. corrugating industry is Reed with 25 per cent., followed by Bowater with 15 per cent. Macmillan Bloedel, the Canadian-owned company has about 14 per cent.

Thames Case, owned by Unilever, has 7 per cent., Smurfit has 3 per cent. and Tillotson, owned by the U.S. company St. Regis, has about 5 per cent. of the market.

COMMODITY PENSION FUND

At a meeting of unitholders in the Save and Prosper Commodity Pension and Charities Fund, it was resolved to terminate the trust on August 16. Voting in favour of the resolution was 963,834.71 units, against 321.96 units.

The managers had recommended termination of the fund since, as a consequence of the re-rating of commodity shares, it could no longer provide a high gross yield, which is a primary requirement for most of the trust's 68 unitholders.

MANN & OVERTON CASH ALTERNATIVE

The value of the cash alternative in the share or cash offer by Lloyds and Scottish for Mann and Overton, the taxi specialists, is based on "not less than 90 per cent. of the capital value of the Ordinary offer by reference to the middle market quotation of the Ordinary shares of L and S in the Stock Exchange Daily Official List on the latest practicable date prior to the printing of the formal offer document." The report in Wednesday's edition incorrectly implied that the cash alternative was based on the full capital value of the shares.

EIH OFFER FOR REST OF OBEX

Edinburgh Industrial Holdings intends to exercise its option, subject to the consent of the Take-Over Panel and an independent vote of shareholders, to acquire the balance of 55 per cent. of Obex Oil for 4m. shares—worth £800,000 with EIH closing ½p higher at 20½p yesterday.

EIH acquired 45 per cent. of Obex in November, 1976, for 1.07m. shares then worth £133,750 from the two shareholders Mr. C. de Nerac and Mr. C. Aleman, who joined the EIH Board. An option was also granted on the remaining shares.

The two directors, who will end up with a stake of about 34 per cent. in EIH if the option is approved by shareholders taking account of the recent placing of 2.5m. shares, have warranted pre-tax profits of £265,000 for Obex in the two years ended November 10, 1978.

If the EIH proposals go through an option granted to the two directors to buy back the original 45 per cent. stake for £29,250 will be cancelled.

The Board of EIH says the purchase is in the company's interest because of the anticipated warranted profits, the tax benefits that will be gained and Obex's growth potential.

The Board has appointed Gray Dawes, merchant bankers, as financial advisers to the company.

A formal circular together with EIH's report and accounts and further details on its proposed offer of up to 800,000 shares at 12½p to shareholders will be sent out in the near future.

WAGON INDUSTRIAL

Wagon Industrial Holdings has completed the purchase of the Antocks Laird Group, which was agreed in principle in early May. Consideration for the acquisition amounts to around £1,726,250 made up of £925,000 in cash, £451,250 by the issue of 475,000 Ordinary Wagon shares at 95p per share, £350,000 in 8 per cent. Convertible Unsecured Loan Stock 1980 issued at par and a further sum not exceeding £150,00 to be satisfied either in cash or further Ordinary shares which may become payable under a formula based on trading results of Antocks.

The agreement was conditional on the sale to Mr. Finlater, a major shareholder who will remain a director after the acquisition and will also join the Board of Wagon, of certain assets of Antocks Laird, including vintage cars, development land and a house. The aggregate consideration of this was £113,000.

For the year ended April 30, 1976, Antocks Laird—which manufactures mainly steel frame tables and chairs for commercial use—showed turnover of £2.7m. and pre-tax profits of £278,000. For the year ending this past April, profits are estimated at around £400,000.

BLUNDELL PERMOGLAZE

It was confirmed yesterday that Croda International has acquired 520,000 shares — representing 8.164 per cent. of the equity — in Blundell-Permoglaze. Speculation to effect that this had happened and that it could be a prelude to a full scale take-over bid from Croda has pushed the Blundell shares ahead recently, though yesterday sellers left the price 4p down at 50p.

L. LIPTON IN TALKS

L. Lipton, the fork lift truck group, is holding talks with an unnamed party which may lead to an offer being made for the company. The shares were suspended yesterday at the company request pending an announcement, though not before the price had already risen by 18p to 78p.

Dealings were resumed after the announcement and further buying left the final price at 81p, for a gain on the day of 26p. At this level, Lipton has a market capitalisation of £1.8m.

Lipton recently announced pre-tax profits for the year ending December 31, 1975, of £132,519 compared with £65,583.

The last report and accounts showed that SGB Investments was the holder of 19.24 per cent. of Lipton, though that group yesterday denied that it was in negotiations with Lipton.

NORTHERN FOODS EXTENDS

Northern Foods, which owns 42.1 per cent. of Fox's Biscuits and has offered 130p a share in cash for the remainder, has received acceptances of only 2,400 shares (0.1 per cent.) and has extended its offer until June 30.

Northern says that it is preparing a detailed reply to a rejection letter sent out by Fox's on June 10, but notes in particular "the failure of Fox's to quantify the fall in profits for the year ended May 21, 1977."

APPOINTMENTS

INTERNATIONAL APPOINTMENTS

WANTED

INTERNATIONAL APPOINTMENTS

PROPERTY APPOINTMENTS

UBM recovery not enough

DESPITE a second half recovery, pre-tax profits of UBM Group fell from £2.96m. to £2.69m. for the year to February 28, 1977. At halfway the decline was from £1.71m. to £1.11m.

Yearly earnings per 25p share declined from 5.3p to 4.7p and the dividend total is held at 4.2p with a final payment of 2.441p net.

Mr. Michael Phillips, chairman, said at the interim stage that he anticipated second half profits would show a significant improvement over the first half.

He now says that it is clear that a rising trend in profits has been established which is continuing in the current year. The group is now deriving some of the benefits of the extensive reorganisation which has taken place in the last two years and of new trading initiatives recently introduced.

Commenting on the results he states that in general, trading conditions remained depressed throughout the year and, in particular, the building industry, to which the majority of the group's interests relate, had seen a further decline in activity. However, sales increased by 13 per cent. and although after allowing for inflation this indicated a further reduction in sales volume the shortfall was smaller than in the preceding year.

The year saw a number of significant improvements at home in the builders' merchants division while abroad the overseas merchanting operations achieved considerable success.

The major problem was at UBM Ryecroft where reorganisation disrupted trade and resulted in a substantial loss although the position improved considerably in the second half and is expected to return to profitability during the current year.

Progress was made by the overseas merchanting companies. For the first time they made a significant contribution to profits and other overseas outlets to expand this trade are being actively sought.

Although the glass division was unable to maintain the high level of profits produced in the previous year it performed very satisfactorily, while at UBM Scaffolding an encouraging increase in spite of difficult trading conditions was achieved.

UBM Engineering had a disappointing year but the prospects for the future now look brighter. At the year end it was decided to close the business of UBM Fitzpatrick in Birmingham. UBM Motors enjoyed a successful year.

Continuing inflation had its effect on the levels of stock and debtors but action to reduce the ratio of working capital to sales has continued and as a result the group has been able to operate within its existing borrowing facilities and the indications are that financial resources currently available will be sufficient to met requirements in the foreseeable future.

Turning to the current year Mr. Phillips says that trading conditions in the building industry are still far from good, but the lowering of interest rates coupled with a greater flow of funds from the Building Societies will create a more favourable climate. This will benefit the builders' merchants division. Other divisions, especially the scaffolding and motor businesses, are seeing a marked improvement in trade.

Savings anticipated in operating and interest costs together with an improvement in Bradford merchanting operations and UBM Engineering will ensure that the group enjoys a profitable year.

Turnover	[illegible]
Profit before tax	2,694
Tax	[illegible]
Net profit	[illegible]
Extraordinary credit	[illegible]
Available	[illegible]
Dividends	[illegible]
Retained	[illegible]

● comment

UBM Group's full-year profits 9 per cent. lower before tax this does obscure a second improvement, the first increase six successive half-years. Against a background of flat demand the building sector that is no achievement and in part reflects a better than average sales performance from the group: volume has declined by only 3 per cent. over the year. The main boost though came from the now completed re-structuring of Northern merchanting operations. Over the last three years these reduced the overall work force roughly 30 per cent. without affecting capacity. There should be further costs savings here there seems little chance that current year will see any real improvement in the trading background. So although 1977 should see around £750,000 of elimination from the Bradford merchanting side and the engineering division, the prospects for any dividend increase this year seem slim. The shares at [illegible] yielding 12.2 per cent., which a full tax charge is uncovered therefore seem unlikely to move much above their present level in the foreseeable future.

Advance by Burnett & Hallamshire

IN THE YEAR ended March 1977, turnover of Burnett & Hallamshire Holdings expanded from £19.36m. to £27.45m. and profits advanced by 34.2 per cent. from £1.84m. to £2.47m. after a rise from £0.62m. to £1.05m. in the first half.

Full year stated earnings are ahead from 19.35p to 24.01p per 25p share and the dividend is raised from an adjusted 2.3[illegible] to the maximum permitted 2.5[illegible] net with a final of 1.2779p. An additional payment may be made if ACT is reduced.

Dividend cover now stands at 9.8 times. It is intended when legislative powers lapse in July 1978 to increase the dividend, reducing the cover to not more than five times.

The chairman, Mr. N. F. Sou[illegible] says the improvement is reflected in the balance sheet with [illegible] per share of 137p, up 32 per cent. Fixed assets increased by 31 per cent., with £3.5m. spent on [illegible] ments and new equipment. [illegible] current assets are stronger [illegible] £1m. despite having financed record sales. The expansion was brought about by both real growth and continued inflation, the latter predominantly in the oil sector. Financial resources remain sound with external funding still less than 50 per cent. of shareholders' funds.

APPOINTMENTS

M. Glover becomes a deputy chairman of Alex. Howden

Mr. M. J. A. Glover has been elected a deputy chairman of the ALEXANDER HOWDEN GROUP and Mr. J. C. Varney has been appointed a director.

★

Mr. Fred Davis has been appointed financial director of Eastham Burco and Mr. Tony Hemingway has been made sales director of Eastham Maxol. The parent concern is BUROC DEAN.

★

WIGHAM POLAND GROUP has appointed Mr. Richard P. Hummel as a director of Wigham Poland North America (U.K.) and as president of its U.S. broking subsidiary, Sweeney and Bell Inc.

★

Mr. E. F. Lewis has resigned as a director of Ozalid Group Holdings and from all other positions within the Ozalid group.

★

Mr. G. R. Newman has taken office as chairman of the BALTIC EXCHANGE.

★

On July 1, Mr. Derek Kimber will succeed Admiral Sir Horace Law as president of the ROYAL INSTITUTION OF NAVAL ARCHITECTS. Mr. Kimber is chairman of Austin and Pickersgill.

★

Mr. E. Bird has been appointed managing director of AVOEL ADHESIVES. He was previously sales director and deputy managing director.

★

Mr. Malcolm Garrett has been appointed general manager of HELLERMANN CASSETTES and Mr. Andrew Goodburn has been made financial director designate of Hellermann Deutsch and Hellermann Electronic Components.

★

Mr. C. J. Page, Commissioner of the City of London Police since 1971, has been appointed an Inspector of Constabulary. He will take up the position next month and will be responsible for police forces in the northern counties.

★

Mr. G. V. Carr has been appointed chairman of the PORT OF TYNE AUTHORITY from July 1 to succeed Mr. J. N. Burrell who is retiring.

★

The director general of the NATIONAL ECONOMIC DEVELOPMENT OFFICE has appointed Mr. A. E. Singer chairman of the Sector Working Party for Computers and Mr. J. Lyons chairman of the Sector Working Party for Industrial Trucks. Mr. Singer is chairman of the Post Office Pension Fund and Mr. Lyons is general secretary of the Engineers and Managers Association and the Electrical Power Engineers' Association.

★

Mr. T. P. Watson, managing director of Sheffield Newspapers, has been appointed a director of the parent board of UNITED NEWSPAPERS.

★

Mr. J. A. R. R. French has been appointed a director of PLANTATION HOLDINGS.

★

The following appointments have been made in the Welsh Division of the BRITISH STEEL CORPORATION: Dr. Kea Ca[illegible] becomes chief metallurgist; Mr. Ron Hale, chief engineer; Mr. Peter Truscott, works manager, technical services, Port Talbot Works; Dr. Philip Dixon, manager, technical, Port Talbot Works; Mr. Rex Acton, manager, management services at Port Talbot; Mr. David P. Moses, group manager, technical, BSC Tinplate (succeeding Mr. Raymond Powell who has retired); and Mr. Desmond Ve[illegible] works manager, Velindre.

★

Mr. John Leese has been appointed editorial director of the ASSOCIATED NEWSPAPERS GROUP following the retirement of Mr. Howard French.

★

Mr. James Collart, who has been a member of the Board of TIMES NEWSPAPERS since its inception in 1967, has retired and has been succeeded, as one of Lord Thomson's nominees, by Mr. James Evans, secretary and member of the executive Board of the Thomson Organisation. Mr. Evans worked as a lawyer with Kemsley Newspapers from 1[illegible] to 1959 and later joined Thomson Newspapers as legal adviser. On the formation of Times Newspapers in 1967 he became legal adviser to the company and in 1976 joined the executive Board.

★

Sir Hugh Wilson is to be appointed chairman at the [illegible] meeting of the DOCKLANDS JOINT COMMITTEE on June 2[illegible] in place of Mr. Percy Bell, who resigned. Sir Hugh has been a member of the joint committee for the past 18 months. He is an architect and town planner and is a partner in Hugh Wilson and Lewis Womersley.

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The record promoters' International

BY CAROLINE HYDE in New York

K-TEL Records in Woolworth Store, Strand. Ashley Ashwood

KIDS IN LEATHER jackets crooning rock songs on American TV advertising are helping to add to the earnings of K-tel International, company which in the U.S. and Britain has hit the fastest expanding section of the record market, the compilations.

Compilations are doing $115m. in annual sales for K-tel, the largest company marketing them. Most of the established record companies looked on them as a short-lived sensation when they first appeared in 1965. The initial reputation of the business was not especially good, but K-tel improved it.

Originally compilation makers were apt to pirate one real hit and fill up the record with "sound alikes" performed by unknowns. K-tel leased the songs from the recording companies for a fee of 3 cents for each hit recording.

K-tel "promotes" the records—that is to say it does not make them itself, but buys them in and markets them under its own label. There are other products that the company promotes, for instance the Brush-o-matic, a gadget to clean clothes; the Fishin' Magician, a fishing rod which also incorporates a knife, tin opener, scissors, fish scaler, and corkscrew; and the Multisharpener, for sharpening knives and other cutting tools.

None of these items are made by K-tel, except for an element of assembly in certain cases. Production is contracted out generally to small manufacturers all over the world. In the case of the Brush-o-matic, for instance, the cloth comes from Japan, the handle from Germany, and the whole thing can be ordered boxed and ready for sale, or is assembled at the branch that has the order for distribution.

But records are the main sector of the company's business. K-tel sells hundreds of thousands of albums (for about $6 each) through mass marketing retail outlets like Woolworth, Sears Roebuck, and large drug store chains, as well as by direct mail order responding to TV adverts. It reaches 45,000 retail outlets in 15 countries.

The founder and chairman, Mr. Philip Kives, 47, has a "rags to riches" success tale. He was born on a farm in Canada and started packing and labelling his first promotion, a faulty non-stick frying pan in his mother's basement.

Although fewer than a dozen companies were in the compilation business five years ago, now some 50, most of them small and privately held, are doing what K-tel does. But Mr. Kives says: "If we were not so successful at this thing we would not have all this competition." It is not surprising that K-tel has many imitators. Last year the company netted profits of $4.1m. on net sales of $115.3m. K-tel backs its product with heavy doses of spot advertising on television—for $33m. last year.

Three-quarters of the sales and profits came from the records. This year Mr. Kives expects to sell 15m. albums—all compilations.

The concept has made Mr. Kives and his family a fortune. His brother, two cousins, an uncle, and a nephew are all company officers. When the company went 10 per cent. public in 1971 the family collected $4m. on Mr. Kives' original investment of $7,500. Mr. Kives now holds 47 per cent. of the common stock, worth about $9m.

It was also in 1971 that K-tel went into the British market, with the Brush-o-matic, the knife sharpener, and a collection of pub songs. Sales have quadrupled in the last four years, but profits have not.

K-tel says that "because of the discounting of records in England, and because of increased overheads and advertising, British costs as a percentage of sales have doubled.

The company has 80 employees in Britain and 36,000 square feet of warehousing.

Album sales in Britain were over 3m. units in 1976, which accounted for 3½-4 per cent. of the British market K-tel says.

The first overseas operation was launched in Australia in 1965. New Zealand, Britain and Japan folowed in 1971, and Brazil and the rest of South American last year. Each of K-tel's markets is completely different culturally, but pop music is still international enough in many countries not to need special promotions focus. But each country has its speciality. In the U.S. for some reason a Polka promotion was a hit as well as "Pure Power" a compilation from the Top Twenty. In Britain the pub songs did well.

This year the compilation market will be three times as big as it was five years ago, according to Business Week. Sales of albums this year in the U.S. should approach $150m., with another $150m. of foreign sales.

"The compilation has become popular because we offer 20 hits for one-fourth the price of buying singles individually," Mr. Kives says. K-tel and its competitors offer *their albums at* $6 each, and have recently added eight-track cartridges and cassettes at $8 each.

To get the rights to some of the biggest hits K-tel guarantees sales of 500,000 or more copies of the compilation containing the hit. K-tel paid record companies $20m. in royalties and guarantees last year alone. That has given the company access to better material. Instead of the one-hit, no-name artist of the past, with the hit at least six months off the charts, now K-tel has the best artists, sometimes while the hits are still on the charts. Names like Elton John, Linda Ronstadt and Fleetwood Mac are now appearing. The record companies will not divulge the performers' *share of the 3 cents* per record. It varies from artist to artist.

Record companies are willing to co-operate with K-tel because Mr. Kives opened up a market which they did not know existed. The young buyer who would not have bought the original album in the first place because they cost too much, but buys these compilations adds to and does not detract from the record companies' own sales. Many major record companies like Warner and Columbia have created special divisions to deal with the compilation. Although they do make some of their own, they prefer to market them through a promoter. "We have the responsibility to supply our regular outlets," Mr. Michael Kapp, head of Warner's special products division, says. "But K-tel is not directly in the record business, so it can market in the best if not the most traditional places for records of this kind."

Mr. Kives has said if the record companies ever stop supplying him with hit singles he would go into business and record his own. But the truth of the matter is that K-tel depends heavily on the willingness of record companies to continue supplying it with top-name recording stars.

Hoesch warns of further layoffs

By Our Own Correspondent

BONN, June 16.

HOESCH, the West German arm of the Dutch/German Estel group, warned to-day that it will have to lay off a further 1,200 workers this year in Germany, and between 700 and 800 in Holland as a result of the continuing slump in the world steel market.

Announcing this to the Hoesch shareholders' meeting in Dortmund to-day, Herr Heinz Sotbach, deputy chairman of Estel, pointed out that the group had already laid off some 2,700 workers in the past two years. But the outlook in the industry remained extremely unfavourable, he added, with little prospect of a dividend to shareholders on the current year's performance so far.

Herr Solbach conceded that the prospects for the second half of this year were somewhat brighter. However, the upturn in new orders registered in March and April had not been sustained in May, with little likelihood that it would show any new recovery before the third quarter.

In individual areas of the group's activities, Herr Sotbach said that there had been some improvement in steel fabricating, though this was not great enough to outweigh the low rate of capacity in steelmaking or in sluggish domestic sales.

Earnings growth at Esselte

By William Dullforce

STOCKHOLM, June 16.

ESSELTE, the expanding Swedish office equipment, packaging and printing group, reports an earnings growth of 68 per cent. to Kr.143m. (£19m.) in the preliminary report for the year ending March 31.

Sales rose by 41 per cent. to Kr.2.16bn. (£288m.) with newly acquired companies, including Britain's Pembroke Packaging and the American Oxford Pendaflex Company, accounting for 31 percentage points of the increase.

The Board recommends a dividend of Kr.8 a share, an increase of Kr.1.33. If adjustment is made for last year's bonus issue the dividend would be Kr.20.8m. against Kr.17.4m.

The final earnings figure exceeds both the Kr.120m. forecast at the nine-month stage and the Kr.1115m. indicated in the half-year interim and reflects an exceptionally strong last quarter, in which earnings reached Kr.44m. Esselte says the improvement stems from both the foreign and domestic companies.

The preliminary net profit is Kr.33m. compared with Kr.14m. for the previous year. Net adjusted earnings come out at Kr.27 a share against Kr.16.

BANK FOR INTERNATIONAL SETTLEMENTS

New data on LDC debt

BY MARY CAMPBELL AND FRANCIS GHILES

THE DATA shown in the table below for the first time gives an indication of the call which debt servicing is making on the foreign exchange resources of certain selected countries. What the table shows is some details of lending by the world's most important banks to all entities in each of the countries listed—that is, individuals, companies, banks, public sector and private sector alike.

The total figure also includes all debt, whatever the original maturity—be it due on January 1, 1977, or not until December 31, 2001.

Most debt statistics are limited either to debt not originally due to be repaid for at least a year and often also to debt owned by public sector entities only.

The data has been collected by the Bank for International Settlements in Basle from commercial banks in the selected countries via their central bank. This is the same method as is used in the case of the quarterly figures on the amounts of lending to and deposits from each country.

The data is being recirculated back to the commercial banks which helped to provide the original inputs in order to help them to make judgements when lending to borrowers in each of the countries concerned.

The exercise was run on a pilot basis and has already excited a lot of attention insofar as both the Bank of England and the U.S. Federal Reserve have recirculated the information they gathered from their own banks.

The countries listed in the table below are among those about which international bankers have been most concerned recently, sometimes because the debt is large in absolute terms or because a lot of it has to be repaid soon or because the resources available to repay it are particularly limited. An example of a big borrower is Brazil and in this case the figures from the Bank for International Settlements are likely to ease any immediate worries since only 28 per cent. of the total debt has to be repaid this year and Brazil clearly has vast resources in the form of unused credit facilities and deposits with banks abroad to cover these immediate needs.

On the other hand, the figures suggest that South Africa's position is probably worse than most had feared. The proportion of its debt that has to be repaid this year does not represent a much larger proportion of its total debt than other countries in the table—45 per cent. But it is considerably more than entities in the country had on deposit abroad at the end of last year or had in reserve in unused credit facilities.

A country which in an intermediate position is the USSR. At a first glance the $5.19bn. figure of debt due to mature this year looks large, particularly since it represents 53 per cent. of the country's total outstanding debt to large commercial banks. On the other hand, the USSR had $3.7bn. on deposit with banks abroad at the end of last year and $1.9bn. in unused credit facilities. And, in the case of the USSR, the unused credit facilities are less likely to be tied to the progress on specific capital investment projects than would be true in other countries.

Finally, it needs to be emphasised that the figures being circulated are for each LDC country—and some of those not shown in the table may be in a worse position than those which are not shown.

BORROWING FROM COMMERCIAL BANKS BY ENTITIES IN SELECTED COUNTRIES‡
end-1976 $bn.

Entities in:	Borrowing	Of which maturing during 1977	Unused credit facilities	Deposits†	Net borrowing†
Argentina	3.26	1.59	0.72	3.1	0.3
Brazil	18.46	5.16	3.39	6.8	14.4
Chile	0.98	0.60	0.37	0.7	0.4
Mexico	17.88	7.28	2.02	4.4	13.4
Poland	5.61	1.81	1.21	0.6	4.8
South Africa	7.62	3.41	1.66	0.7	6.2
Spain	7.32	3.22	1.88	6.3	1.4
Turkey	2.34	1.40	0.34	0.5	1.5
USSR	9.85	5.19	1.90	3.7	6.6

‡ The commercial banks which have reported the data aggregated to form this table are those from the Group of Ten countries, Switzerland, Denmark and Ireland together with branches of banks from some of these countries in fourteen offshore centres. The coverage of banks is not complete in all countries, however.

† Source: BIS annual report 1976-77, which is a slightly different statistical series.

Indonesia, for example, is due to repay $1.65bn. of its debt to commercial banks this year, out of a total debt of $4bn.

In general, the figures are substantial underestimates of the total foreign exchange requirements since they cover only debt due to commercial banks in major countries—further sums are doubtless due to banks outside these countries as well as to institutions like the World Bank and to foreign official and corporate lenders.

On a statistical note there are some differences between the BIS maturities analysis and the BIS's usual quarterly figures. In the first place, the borrowing of the Group of Ten countries themselves is excluded in the maturities exercise—despite the very fact that many of them have been very heavy borrowers from commercial banks. Second, banks in Ireland and Denmark have contributed to the maturities exercise. Third, the branches of a much larger number of banks in offshore centres (such as the Bahamas and Singapore) have been included, partially because branches from banks in most Group of Ten countries are included (usually it is only U.S. banks) and partially because 14 centres are covered in the new statistics instead of the usual five.

On the other hand, not all Group of Ten countries have collected the data from all their banks or for all maturities. This explains why in some cases the total borrowing figure shown in the table below is lower than the figure which appears for the same date in the annual report of the Bank for International Settlements (and is repeated, incidentally, in the June issue of the Bank of England's *Quarterly Bulletin*).

Falling steel production at Arbed

BY DAVID BUCHAN

LUXEMBOURG, June 16.

LOSSES by Arbed this year are likely to be larger than in 1976, according to officials of the big Luxembourg steel company.

Production in the Grand Duchy which accounts for just under half the group's total steel production, was 8.8 per cent. down in the first four months of this year compared with the relatively good first four months of 1976.

It was thanks to that slight and short upturn in the steel market that Arbed reduced its 1975 loss of Frs.Lux.3bn. to Frs.Lux.1.34bn. last year.

Arbed officials do not see any improvement in steel demand or prices until the autumn at least. They say that the indicative prices that the EEC Commission set in early April to give the market a psychological boost upwards have had little effect. There have been some price rises on long products, such as beams and sections, but further falls are for flat products such as plate and sheet. Only for reinforcing bars, on which the EEC Commission set a compulsory minimum price, has there been any real change. 10 per cent. of Arbed production is in reinforcing bars.

Nevertheless the company is in fact stepping up its investment programme this year in Luxembourg from Frs.Lux.2.4bn. last year to Frs.Lux.6.0bn. Most of the increase will go on the construction of one of two planned big new blast furnaces. The new furnaces, the first of which will be finished by end 1978, will allow the company to close down 12 obsolete furnaces.

With its share price on the Brussels and Luxembourg exchanges now half of what it was three years ago, Arbed has little chance of paying for all this new investment with increases in equity. It last increased its capital in 1970, and has paid no dividend for 1976. But company officials maintain that the company's financial basis is still sound, though indebtedness is obviously on the rise.

Long and medium term debt as a proportion of total capital resources rose from 35.5 per cent. in 1975 to 38.6 per cent. last year. But this level is still considered acceptable. In addition the parent company has, of course, a cushion in a steady dividend income from its subsidiaries abroad. For the last three years this has brought in about Frs.Lux.16-17bn. a year.

While forging ahead with investment, Arbed is also trying to further reduce its Luxembourg work force which shrank from 22,000 in 1975 to 21,000 last year.

CGE puts aside a nest egg for 1977

BY DAVID CURRY

PARIS, June 16.

THE FRENCH heavy engineering and electrical giant, Compagnie Generale d'Electricite, is putting aside a nest-egg to add to the dividend it will pay for the 1977 financial year. Its 1976 results justified a Frs.20 dividend per share, M. Ambroise Roux, the chairman, told shareholders at the AGM, but the Government's limit on payout increases meant that the company could offer shareholders only Frs.18.40 (which, with a tax bonus, will put up to Frs.27.60). The Frs.1.60 per share remaining would be carried forward to be added to the dividend for 1977.

CGE, which has been at the centre of a substantial reorganisation of the country's telecommunications and power-engineering industries over the past couple of years, has reported net profits of Frs.115m. Almost Frs.110m. came from portfolio revenues. Consolidated profits more than doubled from Frs.140m. to Frs.300m. in which the group's interest was respectively Frs.109m. and Frs.228m. Cash flow improvement to Frs.805m. from Frs.666m. enabled 90 per cent. of the sharply increased investment programme to come from the group's own resources.

M. Roux noted that the group which had emerged from the restructuring exercises of 1976 had produced good results in their first year of existence. The CGE subsidiary, Alsthom, was merged with Chantiers de l'Atlantique, a diversifying engineering group originally based on shipbuilding. The merged company, in which the CGE stake is just under one-third, came home with Frs.80m. of consolidated profits.

The rationalisation was continued with the transfer to Alsthom of the turbo-alternator division of Compagne Electro-Mecanique in return for giving CEM a 6 per cent. stake in the increased capital of Alsthom.

Alsthom has also negotiated with Creusot-Loire, the country's main nuclear contractor, a redrawing of the boundaries of their power engineering interests. Although a series of joint ventures between the two groups covers most of the power engineering field, Creusot-Loire emerged as the Government-annointed leader in the nuclear field, taking a majority position in the vital components sectors. This followed the Government's choice of Westinghouse nuclear technology offered by Creusot-Loire for its nuclear power programme, rather than the CGE-licensed technology.

The second 1976 change was the merger of the computer company, CII, with Honeywell Bull under French majority control but forming a part of the Honeywell empire. This group, in which the CGE stake is around one-fifth of the capital, clocked in with Frs.87m. profits in its first year.

CGE has also seen over the last year its domination of the telecommunications market upset by the Government's decision to build its programme of telecommunications investment around the rival electronics concern, Thomson CSF and to give the latter control of the companies which had developed the Metaconta and Axe technologies involved—respectively LMT (a former ITT subsidiary) and the French subsidiary of the Swedish concern Ericsson.

M. Roux noted that after a strong first quarter in 1977, the pace of expansion had slackened. However, with portfolio revenues in 1977 rising to Frs.130m., there was sufficient reason to anticipate improved overall net company profits.

Kreditanstalt payments

SCHWEIZERISCHE Kreditanstalt will have to pay back negative interest rate payments and withholding tax dues arising out of its Chiasso problems, a National Bank spokesman said, reports Reuter from Zurich.

BNOC raises $825m.

BY FRANCIS GHILES

THE BRITISH National Oil Corporation has raised $825m. from 12 British and U.S. banks to finance part of its current North Sea investment programme. Citibank is agent.

Maturity is eight years and the borrower is Britoil, a U.S. corporation set up for this purpose by BNOC, which undertakes to deliver enough oil to Britoil, starting in the third quarter of 1978, to cover repayment.

Of the total, $675m. has been provided in the U.S. domestic market by seven U.S. banks—Chase Manhattan, Citibank, Manufacturers Hanover, Chemical Bank, Continental Illinois, Republic National Bank of Dallas and Security Pacific—plus Barclays and National Westminster. These funds will bear interest at 11¾ per cent. of the agent's published base, or prime rate for the first two years, and 115 per cent. for the second two years. Thereafter the interest rate will rise marginally.

A further $150m. comes in the form of a Eurodollar loan provided by the above two British banks and three Scottish banks—Bank of Scotland, Clydesdale Bank and the Royal Bank of Scotland.

The interest over Libor is 1 per cent., and it is worth noting that this loan carries no Treasury guarantee and that BNOC has not pledged or mortgaged its oilfield interests.

Of the portion of the loan which is raised in the U.S. domestic market, one third will be available if desired to support the regular issue of short-term notes in the U.S. commercial paper market. BNOC is understood to have got a top rating from Moody's and Standard and Poors.

This is the first time a loan mixing these two different kinds of financing has been made. Apart from this novelty and the success BNOC has met with an increase in the initial amount of the loan, the most important point remains that BNOC has firmly established its name in the all-important New York market.

AMERICAN NEWS

AT & T earnings rise

BY OUR NEW YORK STAFF

AMERICAN TELEPHONE and Telegraph has reported a rise in net income for the three months to May 31 to $1.16bn., from $0.94bn. in the same period last year. Revenue was $8.88bn., against $8.12bn.

Over the 12 months to end-May, net income was $4.20bn., against $3.39bn.

"These are encouraging results," said AT and T chairman John D. deButts, "but they represent progress toward our financial objectives not their accomplishment. Gratifying as the progress has been it still falls short of the earnings levels of the leading companies with whom we must compete in the financial markets."

Although internal sources currently provided some three-quarters of AT and T's construction requirement of $11.6bn., its outside financing requirements remained considerable. It was anticipated that new money requirements of some $2.8bn. this year would be equalled or exceeded in each of the next several years.

Mr. deButts added: "Regrettably in times like these it calls as well for rate increases to offset the increased costs that productivity gains cannot offset.

"In recent months, however, a number of the Bell companies' applications for increased rates have been rejected out of hand. In some other states, commissions have approved an altogether insufficient fraction of the increases we sought.

Woolworth sales hopes

F. W. WOOLWORTH Company expects a sales gain of about 9 per cent. in the year to January 31, 1978, Mr. Edward Gibbons, the president, told the annual meeting, Reuter reports from Kansas City.

Last year, Woolworth's sales increased 11 per cent. to $5.15bn. The sales gain in this year's first quarter amounted to 5 per cent.

Mr. Gibbons said the company saw 1977 as a year in which each quarter would show successive earnings improvement.

First-quarter earnings fell to 21 cents a share from 45 cents a share a year earlier.

Gibbons said "We anticipate improving overall sales and earnings results from our domestic operations." Last year, the U.S. Woolworth and Woolco divisions had operating profits of $72m. on sales of $2.8bn.

Gibbons said the company's consolidated British subsidiary shows promise of making an improved contribution to corporate earnings this year. "We forecast local currency earnings will improve and the pound sterling will be more stable," he said.

Last year, the company's 52.7 per cent. equity in earnings of F. W. Woolworth and Company Limited was $6.7m.

Write-down at Tandberg

By Fay Gjester

OSLO, June 16.

THE BOARD of Norway's troubled Tandberg electronics concern which made a loss of Kr.33.1m. on operations last year, proposes a 60 per cent. write-down of share capital (from Kr.46.5m. to Kr.18.6m.) as part of a package of measures to put the company back on a second economic footing. At the same time it will seek Kr.40m. to Kr.60m. of new share capital, which it hopes to obtain from several Norwegian firms, including five of its main creditors.

Among the firms that will be asked to subscribe new capital are two that are State-owned—Kongsberg Vapenfabrikk and Raufoss Ammunisjonsfabrikker—as well as the Storebrand Insurance concern and Elektrisk Bureau.

The proposals will be put before Tandberg's general meeting on June 28. If they are approved, the Board reckons it can complete the necessary negotiations with prospective new partners within four to six weeks. Oslo's Stock Exchange suspended quotation of Tandberg shares on Monday.

NTL. FINANCIAL AND COMPANY NEWS

ROFITS IN JAPAN

Export-led improvement

BY YOKO SHIBATA IN TOKYO

RPORATE PROFITS in the month business term to March 7 went up despite the stalled overy in the domestic economy. failed to reach the dizzying ghts of the previous term. According to a survey by the Nihon zai business daily, net profits e by 23.5 per cent. and urring profits by 28 per cent. the term, whereas from March 6 to September 1976 the same vey turned up average net fit increases of 53 per cent. recurring ones of 53.4 per it. (The survey is based on companies quoted on the kyo Stock Exchange and which re already completed their nings reports for the last iod).

ice increases

Industry observers say that ich of the increase in earnings Japan's companies came as a ult of a brightor export ture, widespread price inases on the home market and itinued rationalisation of lustry which took the heaviest l ever since the war in terms corporate bankruptcies.

The slowdown of the growth rate was marked in the manufacturing sector, which witnessed a rise of only 30 per cent. in recurring profits from growth in the previous term of 75 per cent. In the automobile industry, moreover, the average rate of growth was only 2.9 per cent. compared with 20.3 per cent. in the previous term.

Outside manufacturing, the trading companies did not fare well either, with the growth in recurring profits declining from 82.2 per cent. in the September 1976 term to only 4.7 per cent. in the six months to last March.

On the other hand profits grew much faster in shipping (up 82 per cent.) and the electric utilities (up 69 per cent.) than previously. More dramatically, the iron and steel industry saw profits triple on the strength of higher prices and exports. These three industries alone accounted for about three-quarters of the increased profitability of Japanese companies in the last business term.

Meanwhile, one out of every seven companies operated at a loss, a slight improvement from the September term when one out of every six companies lost money. And, by comparison with the peak level of earnings the half-year to September 1973 (before the oil crisis), recurring profits were only 5 par cent. below the record—a small indication that most of the damage done by the crisis has now been repaired if inflation is not taken into account. Moreover, the ratio of recurring profits to total sales (as a guideline to corporate profitability) went to 1.96 per cent. from an average 1.63 per cent. in the previous term, according to the Nihon Keizai survey. But that level still falls far short of the September 1973 level of 3.26 per cent. in Japanese industry.

Rationalisation

Rationalisation occurred in almost all sectors, contributing to improvement in productivity. In the electrical machinery industry, in particular, 9,800 employees were laid off by 16 companies in the six months. Therefore, the rate of sales per employee improved by 10 per cent., and that of operating profits per employaa by 18 per cent., according to the recent survey.

Cutting back bank borrowing was almost common to most corporations, and reduced the debt-to-equity ratio to 45.33 per cent. from 45.97 per cent. in the previous half-year. Corporations also started to build up new funds for more sound financing. The survey says that the value of deposits by 100 major manufacturers decreased by Y71.9bn., while corporate portfolio holdings increased by Y181.9bn., indicating that corporations have shifted funds to higher yield investments.

Japanese corporate profits recovery has been under way since March 1976 on the strength of gains in productivity and export markets, as well as price increases. But in the September 1977 period, price increases will be difficult, so sales are expected to level off. Given the deteriorating prospects for export conditions in the U.S. and the EEC, the outlook for automobile and electric home appliance sales is not bright and may drag down earnings in the current business term.

USTRALIAN NEWS

ACI $A21.5m. rights issue

BY JAMES FORTH

SYDNEY, June 16.

USTRALIAN CONSOLIDATED dustries, the major glass and ckaging group, plans to raise 21.5m. with a one-for-four hts issue to shareholders. It the first equity offer by the oup since late 1968, although ere have been several fixed-erest raisings in the interim. e rights issue will improve group's debt-equity ratio.

The issue price is $A1.40 a are, which compares with day's market close of $A1.90. The directors said the issue s being made to provide ds for continued expansion d for the operations of the up.

The new shares will rank for interim dividend to be paid xt February and the directors pect that the annual dividend e will be held at not less than a share on the increased ital.

Where the rights are not cepted it is planned to conidate them and sell them for benefit of shareholders.

The issue is underwritten by lbourne sharebroking firm B. Were and Son, continuing increasing tendency for comies to have equity issues derwritten. ACI is one of the gest companies to obtain an derwriter for a share issue d it is thought to be the first ne it has done so.

ACI has been through a difficult period over recent years, th heavy losses in some areas, tably sheet glass and minium canning operations, versely affecting earnings. e dividend was cut in 1975-76 lowing a sharp profit setback. t the company more than ubled its earnings for the year March and restored dividend m 5c a share to 10c.

The company would almost certainly have been able to fill its issue without an underwriter but is now assured of obtaining the funds. It is suggested that a very low underwriting commission played a large part in the Board's decision to use an underwriter.

JH Asbestos profit up

JAMES HARDIE Asbestos lifted earnings another 12 per cent. in the year to March 31, despite the depressed state of the building market, and has celebrated with a scrip issue—its fourth in the past eight years.

Group profit rose from $A14.7m. to $A16.5m., lifting earnings per share from 57.3c to 64.6c.

The directors have declared a one-for-four scrip issue. Since 1970 the group has had two previous one-for-four scrip issues and a one-for-three. The dividend is held at the customary 12.5c a share with a final of 6.25c. New shares from the scrip issue will receive the final payment, making an effective lift in payout for the latest year.

Group sales rose 16 per cent. from $A143m. to $A166m., which, after allowing for inflation, suggests only a modest increase in actual volume. The building industry, particularly in the major market, New South Wales, has been depressed for the past year, while Government spending on public works also fell. Moreover, the share of asbestos in the building products market has continued to decline. The group managed to maintain its record of successive profit increases since 1971 by concentrating on the home renovation and extensions market rather than new housing. Reduced public spending on water schemes affected the pipes division but the Board is hopeful of increased demand for pipes from new mining projects.

Results for the latest year were also affected by losses approaching $A1m. from the 75 per cent. owned Indonesian venture, P. T. James Hardie Indonesia, which only came into production during the year. Sales of building products and piping were improving and it was expected the Indonesian venture would move into the black late this year or early in 1978.

Reflecting the expansion in Indonesia, and also in Queensland, interest on borrowings jumped from $A1.1m. to $A3.1m. The interest bill will rise even further in the current year because of the group's recent decision to buy the asbestos cement operations of CSR for $A19m. The purchase will make Hardie virtually the only asbestos cement manufacturer in Australia.

Occidental Petroleum offering priced

A proposed offering of Occidental Petroleum Company preferred shares has been increased to 4m. shares from 3m. and tentatively priced to yield 8.50 per cent., Kidder Peabody and Co., manager of the underwriting group, said, Reuter reports from New York.

Kidder said it has priced the double-B rated shares at $25 each, with a dividend rate of $2.125, for proposed offering yesterday.

Shares offer by Dai' Ei

OSAKA, June 16.

DAI'EI INC. announced a public offering of 10m. shares of new capital stocks at market price, payment by August 16, reports Reuter.

It also plans a one-for-ten bonus issue on September 1 to return to shareholders an estimated Y10bn. premium from the proceeds.

The company capital will thus be raised from the present Y6.62bn. to Y7.83bn. after September 1, it said.

Also the company will consider another one-for-ten issue in February next year.

Dai'ei is the largest chain store group in Japan, having grown rapidly in recent years. Nine new stores were opened earlier this year.

The company went through a period of rapid reorganisation in 1975: its product range extends from foodstuffs to furniture.

Noseda resigns as Vacallo mayor

By John Wicks

ZURICH, June 16.

THE CHIASSO lawyer Alessandro Noseda has resigned as Mayor of the Swiss community of Vacallo and from the Board of the Ticinese Cantonal Bank. Sig. Noseda, a member of the Board of the Liechtenstein company Texon-Finanzanstalt, is currently being prosecuted on charges of falsification of documents and disloyal management in connection with the mis-directing of Sw.Frs.2.17bn. of fiduciary funds of clients of the Credit Suisse branch in Chiasso.

OMESTIC BONDS

Belgian Railways come to market

BY JEFFREY BROWN

AKING advantage of the continuing buoyancy of the Brussels arket in domestic bonds, the elgian State Railways is to ise just under £100m. 3.Frs.6bn.) by an issue of nine ar bonds.

The issue will increase total rrowing by the Belgian blic sector so far this year to ound B.Frs.161bn. Public ctor debt for the whole of 76 amounted to B.Frs.196bn.

Carrying a coupon of 9¼ per nt., in line with the recent elgian State loan of Frs.50.3bn., the offering by the ate Railways (Ste Nationale s Chemins de fer Belges) uld be priced at par or above hen terms are finally fixed xt week.

The Belgian State loan was iced at 99¼ per cent. but rrent unofficial quotations ggest that it could easily open par or above when market alings officially start up— obably some time in August.

The Railways offering is likely be one of the last of the rrent wave of public sector bt issues in Brussels. The liday "lull" is beginning to set and bank sources in Brussels ggest that there will be a use in new bond issues extendg until September when a rther major (B.Frs.40bn. to Frs.50bn.) State funding is pected.

The Dutch Economics Ministry s agreed to lend Volvo Car NV s 100m. to help finance investent. Volvo will draw on the in which will be largely in bordinated form over the next w years as it expands its model range, the company told Reuter yesterday.

The loan will be made within the framework of government aid to maintain employment in South Holland. The Economics Ministry said Fls.60m. of the loan is subordinated, thus counting as part of the company's own funds. It is for 15 years with repayment in ten annual instalments after a five-year grace.

The rate of interest will be that normally applied to this form of government aid. The remaining Fls.40m. of the loan is repayable over ten years with repayments related to profit levels.

The Dutch state has a 25 per cent. stake in Volvo Car through its holding company NV DSM. The remaining 75 per cent. is held by Volvo AB.

● Net domestic sales of new bonds on the West German capital market fell sharply in May to DM1.79bn. from DM4.80bn. in April and DM4.69bn. in May, 1976, the Bundesbank reports.

Gross bond sales came to DM3.49bn. in May after April's DM6.69bn. and year-ago DM5.77bn., while May redemptions fell to DM1.70bn. from DM1.89bn. in April, but were above the DM1.08bn. of the year-ago month.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
Alcan Australia 8¾pc 1989	100¾	101¼
Australia 8½pc 1991	103¾	104¼
Bowater 9½pc 1992	102¾	103¼
Can. N. Railway 8¾pc 1986	101¼	102
Credit National 8½pc 1986	99½	100
Denmark 8¾pc 1984	102½	103
ECS 9pc 1995	101¾	102¼
EIB 8¾pc 1992	100½	101
EMI 9½pc 1989	102	102½
Ericsson 8½pc 1989	100½	101
Esso 8pc 1986 Nov.	104½	105¼
Gt. Lakes Paper 8½pc 1984	100½	101¼
Hamersley 9½pc 1992	103½	104¼
ICI 8½pc 1987	99½	100¼
ISE Canada 9½pc 1986	105½	106¼
Macmillan Bloedel 9pc '92	101	101½
Massey Ferguson 9½pc 1991	104½	105
Michelin 9½pc 1988	102¾	104
Midland Int. Fin. 8½pc 1992	101½	102¼
Nat. Westminster 9pc 1986	102½	103¼
Newfoundland 9pc 1989	102½	103¼
Norges Kom. Bank 8½pc '92	99¼	99¾
Norpipe 8½pc 1989	100¾	101¼
Norsk Hydro 8½pc 1992	99¼	99¾
Oslo 9pc 1988	102¾	103¼
Ports Autonomes 9pc 1991	100¾	101¼
Prov. Saskatch. 8¾pc 1986	102	102½
Quebec Hydro 9½pc 1992	100¾	101¼
Reed Intnl. 9pc 1987	101	101½
Stand. Enskilda 9pc 1991	101¼	101¾
SKF 8pc 1987	99	99½
Sweden (Kingdom) 8½pc '87	99½	99¾
United Biscuits 9pc 1989	102	102½
Volvo 8pc 1987 March	97¾	98¼
NOTES		
Australia 8½pc 1982	103	103½
Bell Canada 7¾pc 1987	100¼	101
Br. Columbia Hyd. 7¾pc '85	97¾	98½
Dow Chemical 8pc 1986	103	103½
ECS 7¾pc 1982	99	99½

	Bid	Offer
EEC 7½pc 1982	99	99½
EEC 7¾pc 1984	97½	97¾
Enso Gutzeit 8½pc 1984	98	98½
Gotaverken 8pc 1982	100¾	101¼
Hitachi Shipbldg. 7½pc 1984	97¾	98¼
Kockums 8pc 1983	100¾	101¼
Michelin 8½pc 1983	101¼	102
Montreal Urban 8¾pc 1981	101¾	102¼
Nfl. Coal Bd. 8¾pc 1981	101½	102¼
New Bruns. Prov. 8¾pc '83	102¾	103¼
New Zealand 8¾pc 1986	101½	102
Nordic Inv. Bank 7¾pc 1984	97½	98½
Norway 7¾pc 1982	98½	99
Ontario Hydro 8pc 1987	99½	100¼
Singer 8½pc 1982	102½	103¼
S. of Scot. Elec. 8½pc 1981	100¾	101¼
Sweden (Kingdom) 7¾pc '82	98	98½
Swedish State Co. 7¾pc '82	98¾	99¼
Tenneco 7¾pc 1987	97	97¾
Volkswagen 7¾pc 1987	99¼	99¾
D-MARK BONDS		
Austria 6¾pc 1983	101¾	102¼
Beecham 6pc 1983	103½	104½
Bergen 7¾pc 1989	101¾	102¼
BFCE 7pc 1987	99½	100½
EIB 6¾pc 1984	101¼	102
ICI 7½pc 1986	102¾	103¼
New Zealand 7¾pc 1986	103¾	104½
Norway 6½pc 1982	101½	102¼
Prov. of Quebec 7¾pc 1987	99¾	100
Shell 6½pc 1989	100	101¼
Statsforetag 7pc 1985	100¾	101¼
Sweden 6½pc 1984	99¾	100¼
World Bank 6½pc 1987	98	98½
FLOATING RATE NOTES		
Bk. of Tokyo Hldg. '81 6¾pc	101	101½
Bnq. de Paris B. '80 7¼pc	100¾	101½
BFCE 1983 6½pc	99½	100¼
BNP 1981 7¼pc	101¼	102¼
BNP 1983 6¼pc	[illegible]	99½
CCF 1983 7pc	100¼	101¼
COMF 1984 9⅝pc	97½	98
CIC 1981 7¾pc	99¼	100
Creditanstalt 1981 7pc	101	101½
Credit Lyonnais 1982 6½pc	100¼	100¾
DG Bank 1982 6¾pc	99½	100
GZB 1983 6pc	98½	99¼
IBJ 1982 6pc	99	99½
Intl. Westminster 1984 6pc	99¼	99¾
Lloyds 1983 7¾pc	101¼	101½
LTCB 1982 6¾pc	99½	99¾
Midland 1982 8pc	100¾	101¼
Midland 1987 6⅝pc	94¾	95¼
OKB 1982 6⅝pc	99¾	100¼
Royal Bk. of Scot. '83 7¼pc	101¼	101¾
SNCF 1983 6½pc	99½	99¾
Stand. and Chtrd. 1984 6¾pc	98½	99
Wms. and Glyns 1984 6¾pc	99¼	100¼
Source: White Weld Securities		
CONVERTIBLES		
American Express 4¾pc '87	86	88
Ashland 5pc 1988	95	97
Beatrice Foods 4¼pc 1992	97	99
Beatrice Foods 4¾pc 1992	107½	109¼
Borden 5pc 1992	107½	109¼
Broadway Hale 4¾pc 1987	80	82
Canon Camera 7¾pc 1989	210	212
Carnation 4pc 1987	86	88

	Bid	Offer
Chevron 5pc 1988	131	133
Dart 4¾pc 1987	91	93
Eastman Kodak 4½pc 1988	92	94
Economic Labs. 4½pc 1987	91	93
Fed. Dept. Stores 4¾pc '85	97	99
Firestone 5pc 1988	88	90
Ford 6pc 1986	99½	101¼
Ford 5pc 1988	90	101
General Electric 4¼pc 1987	93½	95½
Gillette 4¾pc 1987	82	84
Gould 5pc 1987	127½	129¼
Gulf and Western 5pc 1988	85	87
Harris 5pc 1992	132	134
Honeywell 6pc 1986	91	92
ITT 4½pc 1987	82½	84½
Komatsu 7½pc 1990	105	107
J. Ray McDermott 4¾pc '87	155	157
Mitsubishi Elec. 7½pc 1991	127	129
Mitsui 7½pc 1990	107½	108¼
J. P. Morgan 4¾pc 1987	96	98
Nabisco 5½pc 1988	102	104
Owens Illinois 4½pc 1987	121	123
J. C. Penney 4½pc 1987	79½	80½
Pioneer 6pc 1989	230	235
Raymond 8pc 1993	145	147
Revlon 4¾pc 1987	105½	107½
Reynolds Metals 5pc 1988	88	89
Sperry Rand 4¾pc 1987	89	91
Squibb 4¾pc 1987	81½	83½
Texaco 4¾pc 1988	81	83
Toshiba 6½pc 1990	108½	110½
Union Carbide 4¾pc 1982	102	104
Warner Lambert 4½pc 1987	84	85
Warner Lambert 4¾pc 1988	79½	81½
Xerox 5pc 1988	82½	84½

Source: Kidder, Peabody Securities.

Esmark files bid documents

ESMARK said it has filed various documents under the take-over law of Ohio relating to its proposed cash tender offer for any and all outstanding Inmont Corporation common shares at $25 a share.

Inmont earlier this month rejected the offer as inadequate. Esmark at present owns 9.5 per cent. of Inmont's outstanding common shares.

Esmark also said that it is filing various documents with the Arkansas Commissioner of Securities, and is notifying the New York Attorney General of its proposed offer.

AP-DJ

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Market in a cautious mood

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 16

STOCKS TRADED slightly lower most of the day but recovered somewhat from earlier levels later in trading which was fairly active.

Traders are cautious ahead of the weekly U.S. money supply figures, due for release when the market closes.

The Dow Jones Industrial Average was off most of the day but by early afternoon was ahead 0.08 at 218.25. The Transport index was unchanged at 237.78 and Utility and Stocks registered modest advances.

Closing prices and market reports were not available for this edition.

IBM continued lower, off $1¾ at $257.

Franklin Mint, actively traded, declined $1⅛ to $11⅛ after a block of 130,000 shares was traded at $11.

Among the bright spots were some domestic oil issues. Mesa Petroleum rose $1¾ to $36¼, Inexco Oil 75 cents to $26¼, Patrick Petroleum $¾ to $15 and Getty $2½ to $199. Superior Oil jumped $5½ to $197½.

MCA gained $1⅛ to $41⅛. The company received a favourable court ruling in a tax case.

Johns-Manville rose 75 cents to $35. The company reported higher four months' earnings. British Petroleum, the Big Board volume leader, gained $⅛ to $15⅞.

Also higher were actively-traded Twentieth Century-Fox, up $1⅜ at $23½, Columbia Pictures, up $1 at $15½ and Gamble-Skogmo, up 25 cents at $36½. Allied Chemical rose $1 to $49½.

On the downside, Hewlett-Packard lost $1¼ to $78⅝.

On the American Stock Exchange Compo Industries, which split its stocks and raised the dividend, eased $⅛ to $17⅛.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Monroe Auto Equip.	410,000	12	−½
British Petroleum	291,400	15¾	—
20th Century Fox	242,700	22	+1
Columbia Pictures	227,900	14½	−1
Utd. Merchant Mfr.	213,100	6½	−¼
Pizza Hut	201,700	29½	−1½
Amer. Airlines Pr.	191,700	21½	+1
Fannie Mae	191,200	15½	−½
Westinghouse Elec.	170,200	21½	−½
Texaco Inc.	139,300	27½	−½

OTHER MARKETS

Canada mixed

Canadian markets ruled mixed with Oil and Gas issues advancing. The composite index rose 2½ points and advances outnumbered declines 148 to 124. Hayes-Dana rose 50 cents to $5⅜ and Coseka Resources gained 5 cents to $4.75 after both reported higher earnings. Systems Dimensions jumped 35 cents to $2.75 in one hour of trade before being halted. Bank of British Columbia at $25, Canada Trustco A at $23½, Walker-Goodherham A at $25½ and Home Oil B at $26½ all gained 50 cents.

In Montreal Utilities and Papers were off slightly and Industrials and Banks moderately higher.

PARIS—The market was slightly firmer with further gains inhibited by fears that poor May retail price figures would jeopardise the economy's recovery. Isolated gains were made by CGE which announced doubled 1976 consolidated profits and Lafarge which said it expected positive 1977 results and on the strength of this rose Frs.13 to Frs.737. Most sectors firmed slightly except Engineerings and Properties.

CIT advanced Frs.20 to Frs.910 and Cie. Bancaire put on Frs.25 to Frs.243.5. Coppers weakened but Golds regained some ground. Oils and Canadians were mixed.

BRUSSELS—Share prices closed mixed to lower in very quiet trading. Rises were scored by Sofina up BFrs.15 to BFrs.2955, Asturienne. Hoboken which put on BFrs.45, FN, Cockerill and Cometra. But Traction lost BFrs.15 to BFrs2555 and GB shed BFrs.5. Wagons Lits, Clabecq and Bruxelles Lambert were lower too. So were leading Electricals. Societe General declined BFrs.15 and UCB lost BFrs.35. Petrofina fell, as did its subsidiaries but Golds were firm.

AMSTERDAM — The market closed quietly lower following Wall Street's decline. Akzo lost Fl.1 to Fl.31.2 and Hoogovens declined 70 cents in Dutch Internationals. Elsewhere, lower shares included Heineken, Amro and Nationale Nederlanden. Bergos, Boer and Giessen were among isolated higher spots. Unilever slipped Fl.1.3 to Fl.125.9 and Elsevier was Fl.1.7 lower.

FRANKFURT — Shares lost ground on a lack of orders. Chemicals lost on average DM2. AEG fell DM3.2 lower and Siemens lost DM2. Utilities, Banks, Motors and Stores also fell. Daimler and BMW were DM1 lower and Volkswagen lost 90 pfennigs. BASF fell DM2.4 and Conti Gummi lost DM1.4. Hoechst was DM1.8 lower.

ZURICH—The Bourse showed a maintained tendency overall, with Banks very steady. Among Financials Buehrle was again actively traded, with Bearer higher and Registered lower. Interfood declined Frs.50. Insurance shares and Industrials were mostly little changed, with a markedly lower Sandoz the only exception. This issue was Frs.100 lower.

COPENHAGEN—Mixed in moderate dealings, with Banks and Shippings narrowly mixed and Commodities lower.

OSLO—Banking and Insurances were quiet, Industrials mixed and Shippings slightly easier. Kosmos lost Kr.5.

VIENNA—The market ruled narrowly mixed.

MADRID—There was a record rise in the bourse index on preliminary indications of the outcome of the Spanish elections. Banco Centrale and Banco Urquijo were ahead 24 and 20 points respectively. Electricidad, Rio-Tinto and Altos Hornos were among issues to be over-bid.

MILAN — The market closed mixed in quiet trading on mainly technical considerations, with no special background features. Lower shares included Ass Generali, Fiat, IFI Privileged, Gen Immobiliare, Italcementi, Montedison, Olivetti Privileged, both Pirelli's and Snia Viscosa. Yet Bastogi, Finsider, Italgas and Olivetti Ordinary firmed. The index was above its 1977 low.

JOHANNESBURG—Gold shares featured with firmer prices across the board and some prices sharply higher. Dealers attributed the rise to the higher bullion price and renewed local and overseas demand. Heavyweights gained up to R2 while Medium and Lightweight issues rose up to 45 cents. Mining Financials followed producers. Coppers were steady and little changed. De Beers was seven cents higher at R3.99. The Industrial market was quiet and fairly steady.

TOKYO—Prices rose sharply on speculation margin trading controls may be eased. The Tokyo S.E. Index closed up 3.56 at 373.89. Matsushita led Electricals higher with a Y32 gain to Y652, while Sony rose Y30 to Y2,550. TDK Electronics put on Y70 to Y1,770 and Pioneer Y180 to Y1,810.

Canon advanced 22 to Y603 on expectations of better results, and other gains included Pharmaceuticals and Foodstuffs. Yet Mitsukoshi, and Sanko Steamship declined on profit-taking.

HONG KONG—The market closed lower in fairly quiet trading after a dull opening, with turnover small on lack of support. Hutchison and Wheelock Marden each lost $HK2.5 to 3.325 and $HK2.70 respectively, while Hong Kong Bank fell 12 to $HK17.70 and Swire Pacific 15 to $HK6.85.

AUSTRALIA—The market was generally steady. Among Industrials, CSR lost 3 cents to $A3.42, but Pioneer Sugar rose 3 to $A1.60. BHP lost 2 to $A6.62, while Comalco finished steady at $A3.40. Banks were mostly higher, with the ANZ gaining 3 to $A3.68 and The Wales 4 to $A5.20. But CBC lost 2 to $A1.58.

Indices

NEW YORK —DOW JONES

	June 15	June 14	June 13	June 10	June 9	June 8	1977 High	1977 Low	Since compil'tion High	Since compil'tion Low
Industrial	917.67	922.57	912.40	910.79	909.85	912.99	999.75 (3/1)	888.66 (31/5)	1051.70 (11/1/73)	41.22 (2/7/32)
Home B'nds*	92.57	92.47	92.43	92.40	92.21	92.15	93.57 (3/1)	90.89 (1/5)	—	—
Transport	237.78	238.35	236.01	237.29	236.63	238.90	246.64 (13/5)	221.81 (25/2)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	115.43	115.62	112.81	112.79	112.98	112.75	115.62 (14/6)	104.97 (25/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	22,640	25,390	20,250	20,630	19,940	22,200	—	—	—	—

* Basis of index changed from July 1.

Ind. div. yield %	June 10	June 3	May 27	Year ago (approx.)
	4.83	4.81	4.87	5.88

STANDARD AND POORS

	June 15	June 14	June 13	June 10	June 9	June 8	1977 High	1977 Low	Since compilation High	Since compilation Low
†Industrials	109.90	110.18	108.87	108.51	108.14	109.28	116.92 (3/1)	105.97 (31/5)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	98.62	98.86	98.74	98.46	98.14	98.20	107.00 (3/1)	96.12 (31/5)	125.85 (11/1/73)	4.40 (1/6/32)

	June 8	June 1	May 25	Year ago (approx.)
Ind. div. yield %	4.63	4.51	4.50	3.46
Ind. P/E Ratio	10.01	10.01	2.22	13.59
Long Govt. Bond yield	7.65	7.67	7.68	5.86

N Y S. E. ALL COMMON

June 15	June 14	June 13	June 10	1977 High	1977 Low
54.42	54.52	53.94	53.80	57.07 (4/1)	52.56 (31/5)

Rises and Falls	June 15
Issues Traded—1,908	Up—706
Down—700	Same—502
New Highs 89	New Lows 13

MONTREAL

	June 15	June 14	June 13	June 10	1977 High	1977 Low
Industrial	173.24	172.15	170.10	169.85	186.47 (17/3)	168.92 (10/6)
Combined	177.44	176.49	174.77	174.17	182.73 (16/3)	171.64 (27/5)
TORONTO Composite	1,008.7	1,006.1	997.9	993.1	1032.5 (16/3)	979.4 (25/5)
JOHANNESBURG Golds	145.7	145.9	148.5	150.7	192.5 (7/3)	135.4 (24/5)
Industrials	175.1	175.7	175.9	178.1	186.8 (7/1)	169.7 (23/4)

	June 16	Previous	1977 High	1977 Low
Australia (a)	456.91	456.56	469.71 (20/5)	419.57 (15/2)
Belgium (b)	94.68	94.97	98.12 (10/1)	92.61 (20/5)
Denmark (c)	107.22	107.22	101.92 (9/3)	96.05 (6/1)
France (e)	49.00	42.7	52.4 (7/1)	43.5 (10/5)
Germany (f)	758.3	761.2	790.7 (5/5)	732.5 (10/1)
Holland (g)	87.2	87.6	95.2 (14/3)	81.2 (26/1)
Hongkong (h)	452.39	441.70	452.17	415.45 (14/4)
Italy (i)	62.56	63.79	73.71 (11/3)	57.35 (14/6)
Japan (m)	375.89	372.35	383.92 (6/1)	355.70 (7/4)
Singapore (n)	263.16	254.22	261.29 (10/1)	242.22 (5/5)

	June 16	Previous	1977 High	1977 Low
Spain (p)	92.18	82.27	102.77 (4/5)	86.32 (10/6)
Sweden (q)	357.70	355.95	415.72 (2/2)	343.58 (15/6)
Switzerl'd (r)	297.7	289.2	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50, Standards and Poors—10 and Toronto 300-1,000, the last-named based on 1975.) (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (i) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/76. (q) Stockholm Industrials 1/1/58 (r) Swiss Bank Corp 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (z) Closed.

OVERSEAS SHARE INFORMATION

Investment premiums based on $2.60 per £—114½% (115¼%)

NEW YORK

Stock	June 15	June 14
Abbott Labs	43	43
Addressograph	12⅝	12¾
Aetna Life & Cas.	35¾	36
Air Products	24⅝	23¾
Corning Glass	64⅝	64⅛
CPC Int'national	60⅞	50⅝
Crane	32¾	33
Crocker Nat.	25	24½
Crown Zellerbach	37	36¾
Cummins Engine	54⅞	55
Johns Manville	34⅝	35⅝
Johnson Johnson	69⅞	76⅝
Johnson Control	47½	46⅛
Joy Manufactu'g	43⅝	43
Kaiser Aluminium	37	36½
Kaiser Industries	4¾	4¾
Revlon	59⅜	58⅞
Reynolds Metals	39½	38⅞
Reynolds R. J.	68½	68⅜
Richson Merrell	19⅛	19¾
Woolworth	22½	22⅛
Wyly	1⅜	1⅛
Xerox	48⅛	48⅛
Zapata	11¾	12

[illegible]

CANADA

[illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ✤ Frs.500 denom. unless otherwise stated. ¹ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. [illegible]

GERMANY ◆

[illegible]

AMSTERDAM

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

TOKYO ¶

[illegible]

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ✤

[illegible]

MILAN

[illegible]

AUSTRALIA

[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

BRAZIL

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

SPAIN ♥

[illegible]

Gold firmer

Further buying interest pushed gold up by $¾ to $139¾-140 in fairly active trading in the London bullion market yesterday. Switzerland was reported to be a major source of the demand for the metal, which touched a best level of $140-140½ in the afternoon. The krugerrand's premium over its gold content narrowed to 3.49 per cent. for domestic and international delivery.

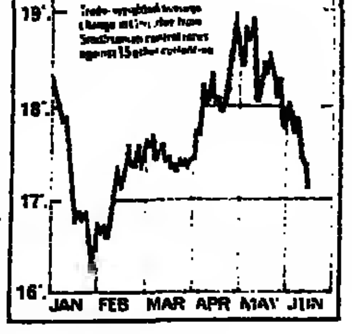
Forward sterling was weaker, partly on uncertainty ahead of yesterday's publication of the trade figures for May. The one-year discount against the U.S. dollar widened to 6.95 cents from 6.75 cents. Market sources suggested that this week's political events may also have had a depressing effect on the forward pound.

The rate for spot delivery showed little reaction to the trade figures, which were probably slightly worse than expected. The pound began the day at $1.7188-1.7190, and touched a best level of $1.7193-1.7195, before closing at $1.7191-1.7194, a fall of 3½ points on the day.

Sterling's index on the basis of the Washington Currency Agreement of December 1971, as calculated by the Bank of England, fell to 61.5 from 61.6, and stood at 61.5 at noon and in early dealings.

Trading was generally very quiet in the foreign exchange market however, with most currencies showing little movement. The dollar's trade-weighted depreciation since the Washington Agreement, on Morgan Guaranty figures, was 1.16 per cent., compared with 1.17 per cent. on Wednesday.

The Dutch guilder was more active than most other units, losing ground in terms of the dollar to Fls.2.4790 from Fls.2.4765, and weakening against major currencies in general. Its trade-weighted appreciation, according to Morgan Guaranty, fell to 17.13 per cent. from 17.36 per cent.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	June 15	June 14
Sterling	0.676017	0.676351
U.S. dollars	1.16214	1.16285
Belgian franc	41.9010	41.0178
Deutschemark	2.73847	2.73944
French franc	5.74417	5.74971
Italian lira	1038.64	1029.35
Japanese yen	317.615	315.697
Dutch guilder	2.87862	9.87805
Swedish krone	5.13550	5.13980
Swiss franc	2.89324	8.89605

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

June 16	Frankfurt	New York	Paris	Brussels	London	Amst'dam	Zurich
Fr'nkf't	—	2.3545-355	47.80-70	[illegible]	[illegible]	[illegible]	[illegible]
N. York	42.47-49	—	20.34-26	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	7.29-31	—	[illegible]	[illegible]	[illegible]
London	[illegible]	1.7191-96	[illegible]	[illegible]	—	[illegible]	[illegible]
Am'd'm	[illegible]	[illegible]	50.18-23	[illegible]	[illegible]	—	[illegible]
Zurich	[illegible]	2.4824-4899	50.53-55	[illegible]	[illegible]	[illegible]	—

U.S. $ in Montreal U.S. $ = 105.61-64 Canadian Cents. Canadian $ in New York C.$ = 94.72-74 U.S. cents. Sterling in Milan [illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

GOLD MARKET

[illegible]

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

FINANCIAL TIMES SURVEY

Friday June 17 1977

The Channel Islands

A benign climate and equally benign tax system combine to foster the Channel Islands' three main industries—tourism, horticulture and offshore finance. Despite recession in mainland Britain, which has caused a slight fall in holiday traffic, their prosperity remains largely unaffected.

Most signals still set fair

By Rodney Smith

WHEN THE Conqueror landed in 1066 he had among his troops a contingent from the islands off the Normandy coast—the Channel Islands. From that day to this there have been Channel Islanders prepared to argue that England belongs to them, rather than the other way round.

Whatever the historical merits of the claim, it is of little moment to-day except as a reminder of the Islands' special status within the U.K.

The islands are independent of Britain, in that they swear allegiance to the Crown (the Queen is Duke of Normandy) but have only limited recourse to Her Majesty's Government. Britain is responsible for the Islands' defence and foreign affairs alone.

They are divided into two bailiwicks. Jersey, the largest, together with two groups of islets the Eirehous and the Minquieres, forms the Bailiwick of Jersey. Guernsey, the second largest, gives its name to the other, which includes the smaller inhabited islands of Alderney, Sark, Herm, Jethou and Lihou.

The two bailiwicks, though similar in many ways, are as independent of one another as they are of Britain (and to confuse the picture a little more, there is some autonomy among the islands in the Bailiwick of Guernsey).

Both have similarly elected parliaments, called the States of Deliberation, with elections every three years, but there are no political parties and candidates stand as independents. All government departmental work is handled by committees. There is still a strong Norman-French flavour, and although day-to-day government business is carried out in English in Guernsey, for example, the formalities and voting are carried out in French.

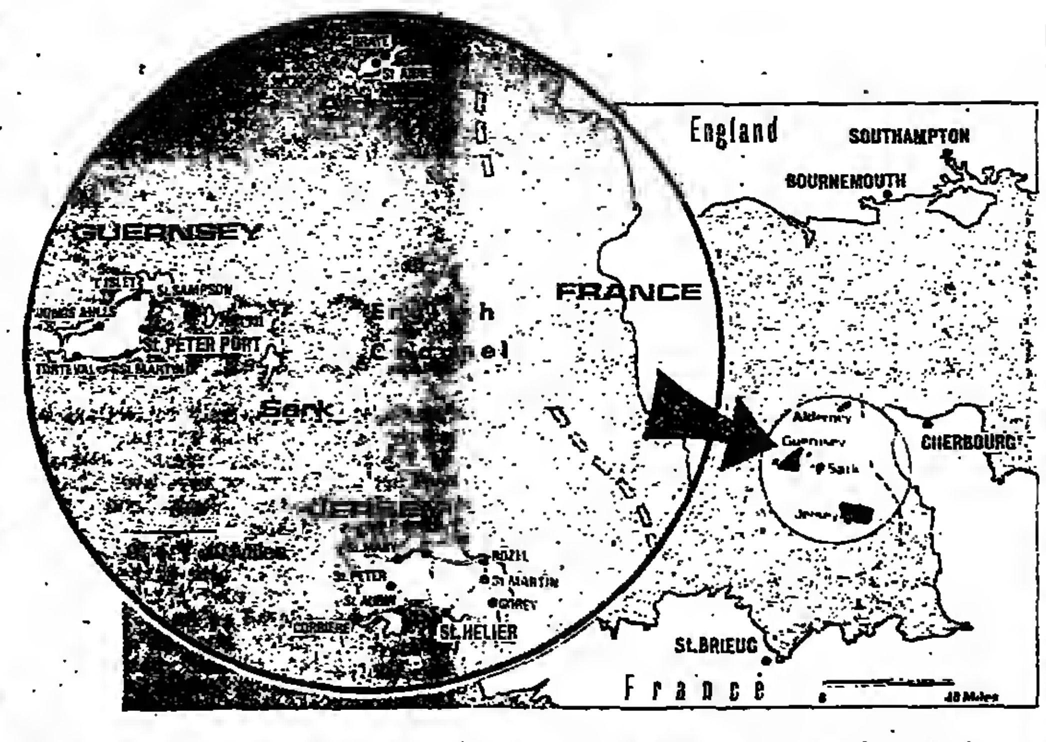
The economies of both bailiwicks are similarly based, with offshore finance and tourism the two leading industries. But, while Jersey relies heavily on its rentiers—the wealthy immigrants who have made their homes there—as the third major prop to its economy, Guernsey looks to a thriving horticultural industry.

Originally Guernsey was well known as a grape producing region. About a hundred years ago someone planted tomatoes in the glasshouses used for the grapes, and they rapidly became very popular. Last year the "vineries," as the tomato houses are called, produced £18.9m. of export fruit. Plant and flower exports brought another £8.2m.

But it is offshore finance that has become the main earner for both Jersey and Guernsey. The Islands have a simple and uncluttered tax structure, and a blanket tax rate, corporate as well as personal, of only 20 per cent. This has attracted not only the wealthy rentiers, but banks and other financial institutions as well. Last year the financial sector was responsible for 25 per cent. of Jersey's tax receipts and 33 per cent. of Guernsey's.

Total deposits held in Jersey last year amounted to £1.1bn. and there has been a strong swing towards greater internationalisation in the Island's banking business. Recent arrivals include Chase Manhattan, which joins others like Citibank, First National Bank of Chicago and Algemene Bank Nederland. There has also been an increase in the number of acceptance houses taking offices on the Island, like Charterhouse Japhet, Warburgs and Lazard Brothers last year.

A change in the Depositors and Investors Law allowed banks to operate as branches rather than as local corporate bodies, and this has brought about the increase in international loans which are becoming the prime feature of the Island's banking business. Last year the loan portfolio of four international banks increased from £173m. to £395m.



Banks are not alone in finding the tax climate attractive. Individuals and companies see a Channel Island registration as a simple, convenient and flexible tool through which to reduce or defer tax liability—which no doubt explains the 1,196 new company registrations in Jersey last year, of which only 376 were local trading companies.

However, Jersey law prohibits at least one potentially lucrative financial activity—insurance. Although this is likely to change soon, it means that at present insurance companies and corporations wishing to form their own captive companies look to Guernsey, where there is no such restriction.

So although deposits held in Guernsey last year were £600m., almost half the figure for Jersey, and no new banks were registered, insurance has been a growing business.

It is interesting that while the States of Guernsey expect future growth in their banking sector to come from companies already established there, they believe that Guernsey has become one of the most attractive areas in the world for captive insurance — that is, insurance companies created and owned by non-insurance organisations for the purpose of insuring the risks of the parent groups.

Guernsey became concerned that existing legislation was inadequate to safeguard its reputation as a thoroughly stable and respectable finance centre, so steps have been taken to amend the Protection of Depositors, Companies and Prevention of Fraud Laws so that the States will in future be able to control the establishment of insurance business. Similarly, company law reform is being revised, with a view to enhancing the island's attraction internationally.

Status

In a sense, both bailiwicks owe their finance centre status to the rentiers. They were the first to take advantage of the Islands' low rates of tax, and pointed the way for the banks and other companies. But, as in other things, the two bailiwicks take different views on immigration nowadays.

Guernsey already has the advantage of a sizeable income from horticulture that Jersey lacks. In addition there is a fair-sized light industrial sector so it does not need the extra income of wealthy settlers quite so much as less diversified Jersey. Whereas all that Guernsey demands of a prospective immigrant is that he should buy property from the island's fixed stock of 1,200 "open" houses — houses set aside for non-residents and costing in the region of £50,000 each—Jersey applies a far more stringent means test.

To settle in Jersey you have to be able to contribute at least £10,000 a year to the island's exchequer—at a 20 per cent. rate of tax remember—and to pay at least £100,000 for a house. On top of that you have to be one of the select 15 people allowed in every year (since 1974, when this rule was instituted). If these rules seem tough, they certainly bring in the kind of people Jersey wants. Last year the settlers contributed about 33 per cent. of Jersey's revenue from income tax.

Another law that came into force in 1974 was in the U.K., where the Government decided that Capital Transfer Tax should be levied on U.K. residents taking up residence in the Channel Islands. The amendment in the Finance Bill coming up in July will see to it that people who have escaped to the Channel Islands are seen as domiciled in the U.K. in perpetuity. But the amendment makes it clear that wealth accumulated in the Channel Islands will not be subject to CTT.

Retired

But the law is expected to make a difference to the future immigration pattern in Jersey. In the past most immigrants from the mainland have been retired businessmen who have stopped earning. CTT will make it difficult for them to dispose of their assets in the most advantageous way. But there will be no such restriction on younger people—people still earning or able to, and who will be able to go on doing so in Jersey, free from the strictures of the British tax system. Although no one expects a mass arrival of younger businessmen or pop stars, it is more than likely that they will take first place in the queue from now on.

The other source of income on which both bailiwicks rely quite heavily is, of course, tourism. Besides being a traditional British tourist resort, the Islands are also becoming more popular on the Continent, particularly in the Benelux countries and West Germany. Strangely, the French are fairly low down the tourist table, despite the close proximity of the Islands.

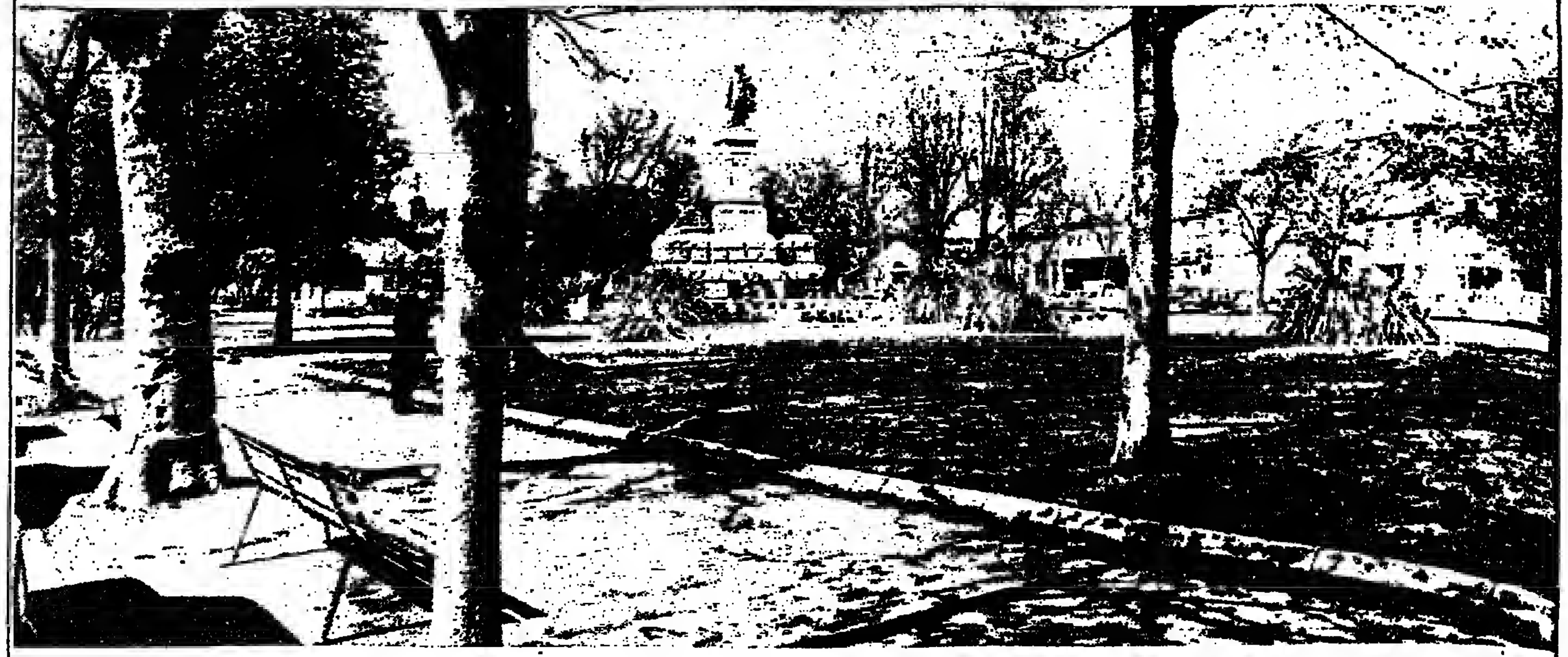
The towns are charming and countryside with its small and quiet villages, attractive. There is the natural appeal of sun, beaches and lots of sea—as well, of course, as the low rates of duty on goods like tobacco and spirits. A pint of bitter in Jersey still costs just 17p. Tourism is responsible for a third of Jersey's net revenue, and about a quarter of Guernsey's. Guernsey seems to take a more cavalier approach than Jersey, perhaps because the bailiwick as a whole, with its additional islands, has a little more natural beauty and quiet beaches to offer.

However, tourism is the industry most affected by the recession on the mainland. About 80 per cent. of Channel Island tourists come from the U.K., and as British holidays have contracted under economic pressure, the Islands have felt the pinch too.

Nor have the Islands escaped inflation. Being in the sterling area, they have had to contend with the fall in the value of the pound, and their economies are so interlinked with that of the U.K. that they have imported Britain's rate of inflation as well.

The state of Britain's economy, and the imported effect for the islands, is a matter of concern to the local equivalents of the Chancellor of the Exchequer, the Economic Advisers. Although most of the islands' trade is with the U.K., their only contribution to the U.K. economy is indirect: they help maintain the official reserves through their own substantial sterling balances. But each bailiwick's balance of payments is in surplus, and there are ample signs that their prosperity will continue, even though the rate of growth of their economies may be slowing down.

It is appreciated in the Islands that without Britain they could conceivably fare better than at present. Not that there is any sign that they intend to change the status quo—it would mean large domestic dislocation. But the thought is there. In the analogy of the Economic Adviser to the States of Jersey, Colin Powell, they are like small vessels surrounded by icebergs, sailing along behind the bulk of Britain's far larger economy. They have some influence over their own progress. They could therefore consider changing course, and either sail off on their own, or take up station behind any of the other larger craft, around which appear to be making better headway through the icebergs.



St. Helier in Jersey.

International finance centre

THE FINANCE scene in the Chaonel fslands is markedly changed from what it was a decade ago when the off-shore baoks were just beginning to make a noticeable contribution to the local economies.

The days are gone when the merchant bankers of St. Helier and St. Peter Port were mainly concerned with looking after the affairs of wealthy settlers or of Britons returning from Commonwealth outposts.

To-day the Islands can show names such as Algemene Bank Nederlaod, Bank of America, Bank of Nova Scotia, Citibank, First Natiooal Bank of Chicago, Hong Koog and Shangbai Banking Corporation, Manufacturers Hanover, Orion Bank and Royal Bank of Cauada—all of them active in the international loan field.

Trust and investment company business is less and less U.K.-orientated, while an increasing number of trading companies are being formed with their capital designated in foreign currencies.

Most of the locally based unit trusts—some 70 of them serving virtually every investor preference and controlling perhaps £200m. of funds—are aimed nowadays at a world-wide market. Hambros recently issued a brochure in Arabic to promote its International Bond Fund, aod the launch in February of the Britaonia group's Universal Dollar Trust attracted "significant" investment from the Contineot, Middle East and Far East.

Mainly owing to the increasingly selective policies of the Guernsey aod Jersey authorities, the advance of the fioance industry is to-day less physically obvious than it was in the late 1960s and early 1970s when new banks were opening every two or three months in the island's harbour capitals.

New names have appeared during the past year or so, but they have come in mainly as a result of takeovers or replacements. The most recent arrival has heen Brown Shipley, which last mnnth took over the operations in Jersey and Guernsey of the Channel International Trust.

Meanwhile, in Jersey, BSG Finance has been replaced by Charterhouse Japhet, United Dominion Trust by Warburgs, and the Slater Walker oanking subsidiary by Lazard Brothers—the last setting up a new company, Minden Securities, to avoid confusion with the French Lazard Frères.

Exchange

Earlier, Hong Kong & Shanghai Banking Corporation had acquired the premises and staff of Triumph Investment's Jersey bank, Whyte Gasc—a highly advantageous exchange that opened up important new markets for the island, especially through the group's subsidiaries, British Bank of the Middle East and Mercantile Bank.

The Slater Walker bank in Guernsey was taken over by Ansbacher—already operating locally—while Whyte Gasc was replaced by Hanson Guernsey, the first banking venture of the Hanson Trust conglomerate and impressively capitalised with a fully paid up £1m.

Other recent arrivals in Guernsey have been Chase Manhattan Bank aod Guinness Mahon.

Although the finance committees in both islands stress that every new application is considered on its merits, what now chiefly interests them are big international banks that will open up fresh areas of business. There have heen persistent rumours that a leading French bank, such as Crédit Lyonnais or Société Générale, may soon establish itself in Jersey, while Guernsey's finance committee has been talking with two international banks.

For the most part, however, expansion is now likely to come about within existing institutions through diversification of their services and entry into new fields—for example, Guernsey's growing role as a base for captive insurance operations.

In both islands the pre-tax profits of the banking industry (including branches of the U.K. clearing banks) were well up last year on 1975, totalling some £15m, in Jersey and over £9m. in Goernsey—healthy sources of revenue to the local exchequers even at a 20 per cent. rate of income tax.

In Jersey the financial industry as a whole is now providing 20-25 per cent. of the island's tax receipts, while in Guernsey it is responsible for about a third of all corporate profits.

The growth of international loan business contributed substaotially to these profits last year, and there is every reason to think that the big banks will route an increasing share of their loan portfolios through the Chanoel Islands.

With an eye to facilitating this type of transaction, Jersey last year amended its Depositors and Investors Law to enable major banks to operate locally through branches rather than subsidiaries—a situation that already existed in Guernsey. As a result Algemene Bank Nederland, Bank of America, Citibank and the Hong Kong Bank group have all opened Jersey branches side by side with their locally registered companies.

According to the latest estimates, international loans made by Jersey's banks currently total some £800m., and for the Chanoel Islands together the figure must be considerably higher.

Guernsey's largest operator in the international loan field is the Orion Banking consortium, which set up a local subsidiary in 1973, but several other banks are active on this front. Royal Bank of Canada (Channel Islands), which has an international loan portfolio of over £20m., is providing finance for several foreign governments and for liquefied natural gas carriers plying between the Persian Gulf and Japan.

While a Channel Islands trust can still be of benefit to a UK resident from the standpoint of deferment of tax, Britain is certainly not the area to which the professional men of St. Helier and St. Peter Port look nowadays for this type of business.

Their market is far more internationally spread, particularly including areas where there is political instability or excessive taxation or an above-average ability to save. This market embraces British people at present living overseas, since if they establish a trust before returning to the U.K. the whole of their assets should escape capital transfer tax even if U.K. beneficiaries are involved.

Most Channel Islands banks are finding, too, that what are broadly termed the "expatriates"—people of all nationalities living or working abroad—are making increasing use of the islands' banking, investment and financial advisory services.

Mr. Malcolm Gates, managing director of the Royal Trust Company of Canada (C.I.), first of the big non-U.K. names to appear on the scene 15 years ago, says: "... is a new market that is ... up to the advantages ... Channel Islands. Many ... clients are people who sud... find themselves with ... funds for the first time in ... lives—people working ... rigs, or building hospi... the Middle East, or em... by multi-national comp... Others are wealthy form... residents who have gone ... abroad and want adv... international tax and ... ment problems, together ... a safe haven for their m..."

Stability

As an area of eve... political stability that ... naturally evolved rather ... artificially created ... climate, and which ha... loped for the most par... and unaggressively as ... cial centre, the Channel I... can undoubtedly claim to ... have won international ... dence as an offshore base ... wide range of financial and ... mercial activities.

Locally, there is no ... any significant hostility t... "new" industry, since ... ducts its business un... sively, makes little dem... resources in relation ... sizeable tax contribution ... is providing new job oppo... ties for young islanders.

While high-taxation cou... can never be expected ... altogether happy about ... existence of low-tax enc... the Channel Islands' best ... tection against retali... action by the British Go... ment—or, in a wider co... by the EEC—is perhaps ... increasingly internat... nature of their bus... coupled with their eschew... deliberate "tax haven" de...

Certainly, it is most unl... that the U.K. Treasury sh... the view of a small grou... Labour MPs that the isl... main function is to depriv... British Exchequer of ... revenue.

On the contrary, ther... ample evidence to show ... the islands are not only m... a very useful contribution ... Britain's foreign cur... earnings, but are also he... to keep substantial bal... within the sterling area.

Edward O...

A myriad uses for island companies

IT IS apparent from the pattern of company registrations in Jersey and Guernsey that more and more people around the world—from suppliers of off-shore oil services to entertainment promoters—are realising how useful a Chanoel Islands company can be.

Jersey's 1,537 registrations last year included 484 overseas trading companies and 437 private investment companies set up by non-residents. Of these, 290 trading companies and 295 investment companies were promoted from the non-sterling area.

Of Guernsey's 714 registrations 180 were overseas trading companies and 223 "personal investment type" companies for non-residents, 180 of the latter controlled from outside the sterling area.

An increasing number of Chaonel Islands companies now have their capital designated in foreign currencies. Of 42 companies formed in Jersey in one week recently, 13 had their capital in U.S. dollars and four others in Australian dollars, Dutch florins, French francs and Belgian francs.

Registration

That week also saw the registration of what was believed to be the first Channel Islands company capitalised in Saudi Arabian rials.

No one claims to know all the uses to which these companies are put, but they can safely be said to cover everything from the export of industrial equipment and the exploitation of patent rights to the management of international sports events and world tours of pop stars.

Said one local banker: "Individuals and companies all over the world are becoming aware that a Channel Islands company is an extremely simple, convenient and flexible tool through which to reduce or defer tax liability."

The most useful tool from an outside point of view is what is known locally as a "corporation tax" company, which pays only a fixed annual levy of £300 instead of 20 per cent. income tax.

The basic requirements are that no business should be carried on locally apart from administration of the company aod that directors' meetings should be held outside the island (Sark and Brittany are gastronomically popular locations). However, under a recent change of policy, a corporation tax company in either Jersey or Guernsey can hold bank deposits locally without being liable to income tax.

There is no doubt that the fiscal protection of a Chanoel Islands compaoy is being sought for ao ever widening range of international activities—some of which might not be profitable or judicious without this protection.

It is known, for example, that personal Arab wealth is being invested in Britain through such companies in order to avoid eotanglement in the U.K. tax net.

The U.K. 1947 Exchange Control Act applies to the Channel Islands (one of the very few cases where British legislation automatically extends to the archipelago), and the formatioo of external-accouot status companies locally has always involved disclosure to the Bank of Englaod of the names and addresses of the beneficial owners.

While the Bank (whose officials regularly visit Jersey and Guernsey to hold exchange control "clinics") emphasises that such information is treated confidentially, the existing procedure has nevertheless been felt for some time to be unhelpful to the growth of the islands' international business and in need of reappraisal.

There are now apparently signs that the Bank of England, recognising this as a specially sensitive issue for the islands, is prepared to take a more flexible attitude.

Guernsey's major growth area in the past two or three years has been as a base for international insurance operations, particularly in the field of captive insurance, that is companies set up to insure their parent organisations' risks.

With the exclusion of Bermuda from the sterling area, Guernsey has emerged as the first choice for U.K. companies wanting an offshore base for captives and has also attracted some important foreign concerns.

In this field Guernsey has no competition from Jersey, since at present insurance compaoies cannot be formed in the larger island — a prohibition that the local business community is anxious to see lifted as soon as possible.

Last year 26 new insurance companies were registered in Guernsey, mainly captives but also subsidiaries of U.K. insurance companies formed to write overseas life and annuity business.

Among British companies that have set up Guernsey captives are Albright and Wilson, Fisons, Glaxo and National Westminster, while non-U.K. operations include a consortium comprising KLM, Swissair and Scandinavian Air Services.

A number of Guernsey's leading banks—Hambros, Royal Trust Company and First

CONTINUED ON NEXT PAGE

Steady industrial growth

NSIDERING THEIR small , geographical position, nou-ustrial environment and tory, Jersey and Guernsey e a surprising range of light ustrial units, none of it lly hig.

Nevertheless in Jersey light ustry contributes over £12m. the GNP of some £215m.; in ernsey the comparative re is an estimated £18m. to GNP of around £134m.

Over 1,000 people in each and are engaged in light ustry, whose range of expor products includes oscillo-pes, mobile outside broad-t television units, music relay tems, denture cleaning mix-e, horticultural equipment, -fabricated garden green-ises, toys (including new sions of the old-fashioned king horse), electrical goods, evision set support brackets, ostone items, tea, a motor e remoulding plant, motor ine cooling system "flushers," election of commercial and asure boats, and traditional sey and Guernsey sweaters ng with other woollens and ft products such as silver, perware and pottery.

Most of the units employ ween 50 and 200 people, ile some have as few as ten rkers. Tektronix, of Guernsey, the largest single light indus-al employer, with a workforce around 600.

Some of the operations have n founded on local erprise, but an increasing mber of new firms have been racted from outside in spite the absence of cash grants or er financial inducements m either island government. rthermore, there is a tinuous stream of inquiries m both non-resident indi-uals and companies looking new bases.

ersey's Economic Adviser, Mr. Colin Powell, who with the Finance and Economics Com-mittee is responsible for receiving applications, said: "We have been getting a steady flow of inquiries regard-ing the setting up of new industries in the island.

"Our policy continues to be one of selective encouragement, which means that a new industry must have something of real value to offer the island. Jersey has not turned its back on new industries, but clearly there is a limit to what it can take."

Objects

For some time one of the main objects of Jersey's policy has been to encourage the creation of enough additional light industrial jobs to absorb the school leavers of the "birth bulge years" of 1961-64.

In Guernsey inquiries are handled by Mr. P. R. "Ron" Barton, the island's Industrial Development Officer, and a special Light Industry Working Party, whose members represent the government departments which are likely to be involved with the initial problems associated with setting up of a small factory.

The island also produces a booklet entitled "A Guide For Industrialists," whose preface summarises why light industry can benefit from an island base.

It states: "Taxation is geared for capital growth; Capital is readily available for economic propositions. Labour is well-motivated and co-opera-tive. The island's location is good for developing French markets. In many ways life is much less complicated when compared with that in a larger community."

And it adds: "Industrial legislation is not complex; com-pany and personal taxation is extremely straightforward; there is no PAYE nor the maze of statistical returns which have to be negotiated in the U.K. the 'simple life' is a real attrac-tion to industries and manage-ment and time is not diverted to non-productive occupations."

Both islands have STD and ISD telephone systems, their own post offices, telex and computer links with the outside world, while — because of tourism's demands—sea and air freight and passenger services, although largely U.K. orien-tated, are better than those of any south coast location.

There are, of course, difficul-ties. For example, while indus-trial land is available the amount is limited: population controls demand the use of local labour: plants that might foul the atmosphere, sea or their immediate locality stand no chance of approval.

By and large, however, and with the help of the island authorities, no internal problem has yet proved too large to deter selected and determined new-comers.

One of the most long-estab-lished companies is the Over-seas Trading Corporation (1939) founded (under another name) in 1876 in Jersey by Mr. Charles Cooke, of Reading. It imports, blends, packs and re-exports tea for buyers in over 100 countries, including the Middle East area.

Middle East customers have also been interested in the pro-ducts of one of Jersey's two knitwear factories, the "Summerland" Channel Islands Knitwear Company, formed in 1905, whose 250 workers makes high class woollens for export to 45 countries. The Jersey Island Exquisite Knitwear Company, a subsidiary of Courtaulds employing 140 staff, also exports, mainly to Europe and Scandinavia.

Among Jersey's post-occupa-tion arrivals is Television Research which makes and exports a range of products associated with Reditune "spot music" broadcasting equip-ment, and whose 160 workers have been involved with developing various other pro-ducts.

Another exporter is Kentred-der, set up in 1961, ten years after Television Research, and which exports motor tyre re-treading machinery, while Jersey Tools and Fastenings exports machines for flushing out the cooling systems of vehicle engines.

Just over a decade ago RCA (Radio Corporation of America), which employs about 100, opened a manufacturing company in Jersey that has successfully, through its Sun-bury-on-Thames sales depart-ments, secured worldwide orders for its highly specialised outside broadcast television mobiles, in particular a "mini" version, built around a Range Rover, and costing over £200,000 apiece.

A more recent arrival is a company called Tekron run by Mr. Ron Hickman, the South African-born inventor and developer of the Black and Decker "Workmate."

Guernsey's largest exporter is the Portland, Oregon owned company Tektronix, which began its local operations 19 years ago.

The firm, which is currently expanding the size of its prin-cipal assembly plant adjoining Guernsey Airport, makes oscil-loscopes and associated pre-amplifiers and a range of components including transfor-mers, coils, capacitors, resistors, potentiometers and probes. For many years Guernsey has served as the base for its European marketing operations.

Turnover

Recently another American-owned company Dynatech, of Burlington, Mass., arrived in Guernsey. It produces medical laboratory and data communica-tions equipment and expects to grow quickly towards a £1m. a year turnover.

Another firm, ETS, part of the Eagle Development Group of Luxembourg and associated with the Maurice Group of Bishop's Stortford, is a substantial em-ployer, marketing consultancy services and building develop-ment "packages" to overseas governments, in particular Nigeria.

To these can be added firms producing temperature control equipment, golf putters, knit-wear (including the world famous Guernsey sweaters) pre-fabricated greenhouses and at least two exporting specialised technical equipment for com-mercial horticulturalists. In the meantime a number of new ap-plications are under considera-tion or in the pipeline.

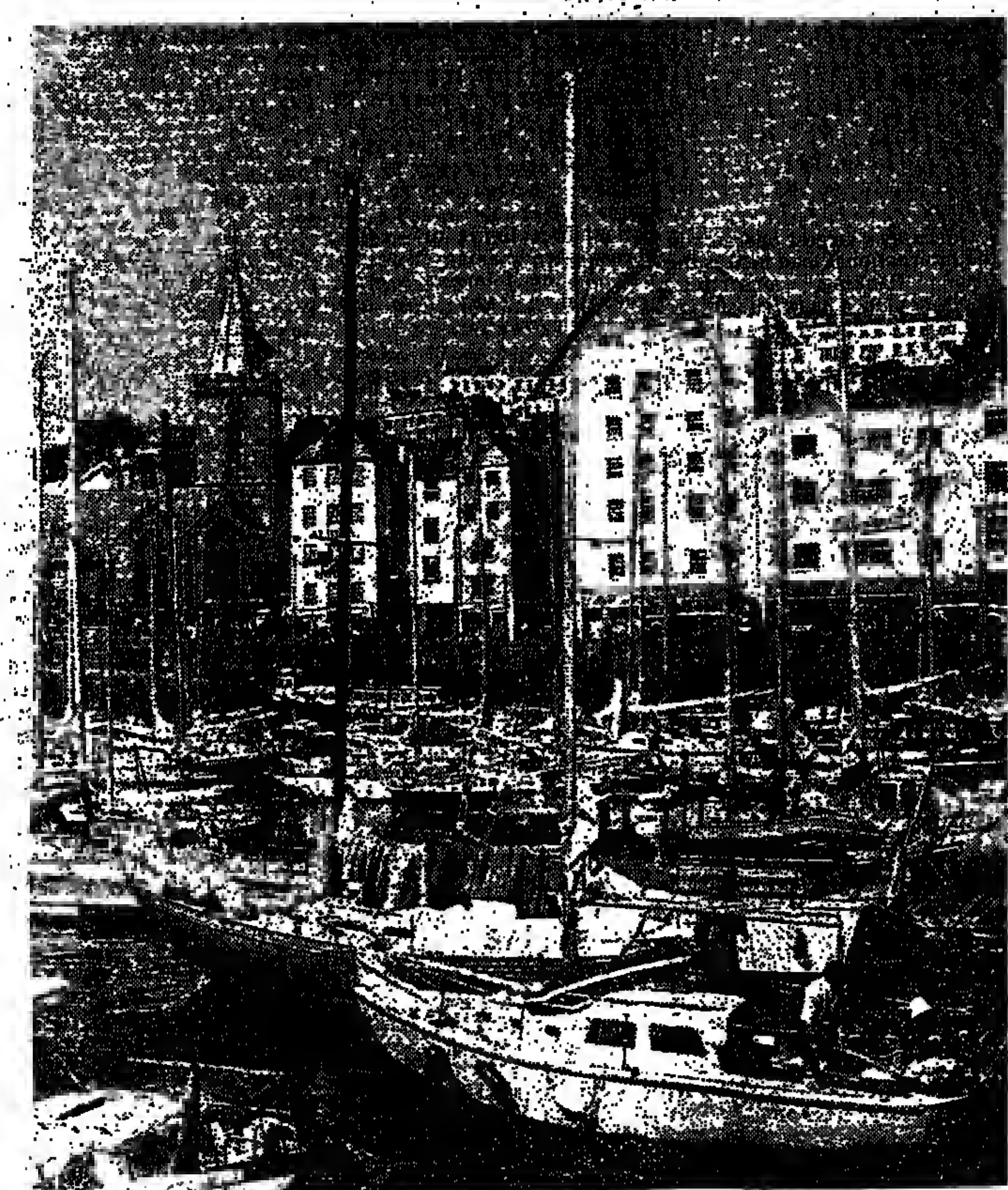
The expansion of Guernsey's light industrial base has come within the last three or four years under the carefully selec-tive eye of the Light Industry Working Party which has had the recent stimulus of a record high unemployment figure—around 1 per cent. of the 25,000 strong workforce.

Somewhat tongue in cheek, one official commented that ideally Guernsey needed a small factory to build and export fast naval patrol vessels selling for several millions of pounds each. In other words companies whose end products are relatively small but which command a high export value.

To some degree most light industry in the islands is doing exactly that, although Universal Packaging of Guernsey has built up a large local market for its polythene sheeting for horticulturalists and refuse sacks, therefore reducing what was formerly a high import cost. However, it is also currently expanding with a view to opening up export markets.

The boat building businesses of Jersey and Guernsey have almost become a light industrial sector of their own. Guernsey has recently become the new base for Aqua Star products, and was already an exporter of ¼-ton, ¾-ton yachts, 49 foot racing craft as well as pilot launches for the Middle East and Trinity House. In Jersey the firm of Blue Water Yachts recently announced a French contract worth some £700,000 to supply 46 racing yachts over the next few years.

Bob Baker



The yacht marina at St. Peter Port in Guernsey.

Companies CONTINUED FROM PREVIOUS PAGE

tional Bank of Chicago ong them—are now involved the management of captives, t the most significant de-opment has been the build-up local expertise in this field. Keith Shipton Developments ve organised two conferences captive insurance in Guern-over the past year or so, and and Risk Management and T. Bowring are among spe-lised companies now servic-the island's clients.

At present Guernsey exer-es no supervision over insur-e business apart from con-lling the use of words such "insurance" and "assur-e" in company names. How-r, comprehensive legislation U.K. lines that has been in pipeline since 1974 should on the statute book by 1978. Under this law all captives l have to be registered, in-ding offshore "corporation " companies with no place business locally, but the and authorities stress that re is no intention of being s hospitable to captives, only keeping an eye on them.

With the growing sophistica-n in this field, captives no ger always take the simple m of an organisation insur-its own risks, and it will part of Guernsey's concern to see how far liability is involved and whether a captive is ade-quately capitalised for its pro-posed purpose.

Meanwhile, company law re-form on a wider front is immi-nent in the Channel Islands, where highly complex financial and commercial activities are taking place within a legislative framework that has not changed basically in Jersey since 1861, in Guernsey since 1908 or in Alderney since 1894 (Sark has virtually no company law).

The islands do, however, have fairly modern protection of de-positors laws, while their respec-tive finance committees exercise *de facto* "vetting" powers in the case of new companies (Guernsey amended its Control of Borrowing Law last year to provide extra teeth here).

In Jersey, the former commer-cial relations officer, David Mor-gan—now back in private legal practice—has published a series of reports with draft laws that would give the island one of the most up-to-date commercial codes in the world.

Although his work has aroused a great deal of interest outside the island, there has been strong opposition from the local professional community to reforms that are seen as too far-reaching and radical for a com-munity of Jersey's size and fin-ancial function.

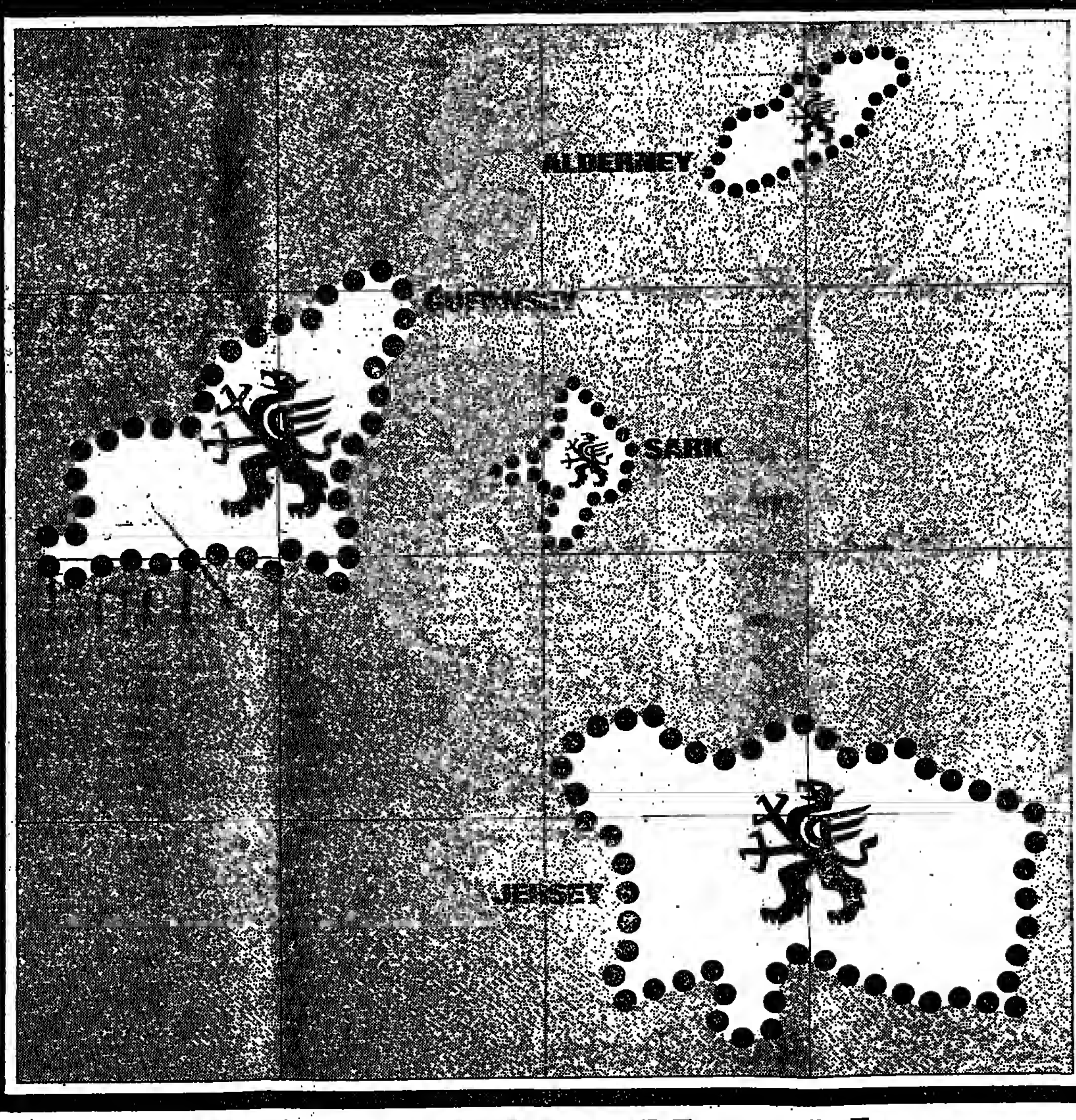
On the other hand, there are those who share Mr. Morgan's view that a modern and strictly enforced commercial code can only enhance Jersey's reputa-tion internationally as a safe refuge for funds.

Guernsey has been carrying out its company law reappraisal more empirically (and on lines that some people in Jersey now say they would have preferred) through a working party com-posed of advocates, accountants and other professional men.

What seems likely to happen in Jersey, where the finance committee will shortly be con-sidering David Morgan's replies to criticisms of his proposals, is that the authorities will first try to get a trust law enacted, since some of the island's overseas cliants have been surprised to find that such a law does not already exist.

After that there will have to be an official decision on how much of Mr. Morgan's monu-mental work of company law re-form Jersey really wants—a de-cision that will undoubtedly be influenced by the increasingly international role the island ex-pects to fulfil.

Edward Owen



Tourist attractions

THE CHANNEL ISLANDS are traditionally a tourist resort for this country—and with good reason. For one thing, although the cost of living is if anything slightly higher than on the mainland, the blanket 20 per cent. tax rate combined with the lack of VAT make many items, particularly liquor and cigarettes, relatively cheap. For another, their proximity to France and the multitude of French names, particularly on street signs give the illusion of a foreign country, but the accents in the shops, bars and restaurants are reassuringly English.

Then there is the climete. The Channel Islanders are proud of the fact that they get more sunshine than any part of mainland U.K., as though they bad a unique covenant with the weather gods. Add a pleasant sea breeze and fine beaches, and the eummer visitor is virtually assured of a fair Mediterranean-like tan to take home.

Historic

The hinterland is attractive, and for the sightseer there are plenty of places of historic interest. The most recent are the relics of the German occupation during World War II. Much of the indigenous plant life borders oo the tropical, like small plants and succulents which could never grow in the average English garden.

There are restaurants galore, seafood is common fare, and the pubs are open all day.

The islends know their value to the British as leisure resorts, and they exploit it to the full. Jersey bas even turned its historic castle, Fort Regent, tbe Napoleonic fortress that guards St Helier, into a £6m. leisure complex which when completed early next year will provide a wide range of entertainment from an Olympic size swimming pool to a man-size chess boerd and an aquarium.

The economies of Jersey and Guernsey rely beavily on tourism—Jersey aligbtly more so, since Gnernsey has stronger agricultural and light industrial sectors. Tourism accoonts for about a third of Jersey's gross income, roughly equal to the amount that flows into the Island's exchequer from its offshore finance and banking activities.

However, much as they had expected, recession caught up with the Islands last year, and both bailiwicks suffered an overall decline in tourist volume. Visitors to Jersey were 3 per cent. down oo 1975, and to Guernsey 2.6 per cent.

Economic stringency in Britain, coupled with increased air fares, were the main reasons for the decline. The higher air fares also led tn more people travelling by sea. In Jersey alone, air arrivals dropped by 7 per cent. in the first nine months of tbe year, while sea arrivals increased by 14 per cent.

If there appears to be a discrepancy in these figures, with more people actually arriving overall, it is because there has been a substantial increase in the number of Continental arrivals. With retail prices in line with tbose in Britain but minus VAT, the Islands have become a bargain bunting paradise for a great many Continentals.

Day trippers tend to be more lucrative in the long run than longer stay tourists, and there bas been an increase in this kind of activity, particularly from St. Malo on the nearby Normahdy coast (though the Freoch are still low in the table of "foreign" tourist arrivals). Day trippers to Jersey last year were 24 per cent. up on the previous year.

Figures for total Continental arrivals are always bard to calculate and seldom accurate because a great many (and this obviously includes other foreigners, particularly Americans) come via the U.K. mainland. In spite of the fact thet Jersey Airport is reputed to be the third busiest in the U.K., the bulk of its traffic is to, or via, the mainland.

These considerations aside, there was a 34 per cent. increase in the number of Continental visitors to Jersey last year, with a similar iocrease in the Bailiwick of Jersey. The marinas throughout tbe Channel Islands, altbougb comparatively expensive, attract yachtsmen from all over, and France in perticular. But they are not included in the tcurist figures since they rarely use the Islends' tourist facilities, and consequently spend less then ordinary tourists. They also stay for limited periods, using the Islands as stop-over points.

Jersey, in keeping with its greater need of tourism than Guernsey, takes a slightly more professional approach to the industry, though the gentleman in Guernsey's St. Peter Port whn said: "We like it if they come, but we don't tout for them" may have been overstating the case.

Both Jersey and Guernsey are gloomily aware that last year's decline in tourist volume mey be no transient thing. Though they are both eager tn attract more visitors from the Continent, the sheer size of the British tourist contingent (some 80 per cent. of total volume) means that any reduction is significant, and that the Islands' tourists industries will beve to tigbten their belts while it lasts. This positinn was made abundantly clear for Jersey by the State's Economic Adviser, Colin Powell, who warns in his economic report that the past two years of prosperity in the industry (particularly 1975) provided the profits which will have to cushion the present period of relative eusterity.

The Guernsey economic report takes a rather more optimistic view. First, it points out that although tbe number nf hotel beds on the island fell by only 52 tn 10,326 last year, there was an increase in the number of self-catering beds of 229, for a net galn in bed space of 177—most of it in modern accommodation.

Guernsey is also trying to break into the confereoce business with a conference centre in the new Beau Sejour Leisure complex, which is neating completion.

Most important perbaps, from Guernsey's poiot of view [...] outlook for this year's su[...] season. So far, tourist enq[...] are running about 40 per [...] above last year's level [...] parently tbe bulk of thi[...] terest is being showo by B[...] holidaymakers, and it is th[...] these may be people who [...] normelly holiday farther [...] possibly in more expensiv[...] sorts, and who now wish to [...] advantage of the, for the[...] lative proximity and chea[...] of the Channel Islands.

Problem

However, Guernsey h[...] small problem that ha[...] encumbered Jersey yet [...] year's budget included a 6[...] cent. increase in the du[...] liquor, wine, cigarettes [...] petrol. Naturally enough [...] original idea was to swe[...] State's coffers. Giveo th[...] port duties represented [...] cent. of income on the S[...] Revenue Account in 197[...] increase in duty means a[...] eble growth in revenue f[...] bailiwick.

So far, Guernsey reck[...] increase in duty will hav[...] effect on tourist babits. [...] erer, if tourists do, as [...] likely, lay great store b[...] low duty overall on [...] articles in the Islands, the [...] groundwork is laid for [...] competition between th[...] lands when it comes to at[...] ing tourists.

Rodney S[...]

The traditional form of transport on Sark.

Property market picks up

THE INTRODUCTION of capital transfer tax in Britain in 1974 did no more than "make the property market bere biccup a bit for the first three months," according to one estate agent in Guernsey, wbere buying and selling activity within the pool of some 1,200 houses available without strings to outsiders is now buoyant again.

The U.K. Government's Finance Bill, wbicb comes before the House of Commons in July, contains an amendment to capital transfer tax, wbich embedded an Inland Revenue book in fish that got away to the Channel Islands or the Isle of Man by "deeming" them domiciled in perpetuity in the U.K.

The amendment will make it clear that CTT does not apply tn wealth created within the islands after a U.K. citizen has become resident there, and it is unlikely to meet with any serious opposition. Jersey's economic adviser, Mr. Colin Powell, says that some such provision was implicit when CTT was introduced to replace death duties, sioce the U.K. Treasury never intended it as an extension of taxation to Channel Islands earnings—it was designed only to apply to funds generated within Britain.

Meanwbile Jersey is experiencing a substantial recovery in the property market, not only in housing but also in the investment sector snch as shops and offices. And the general view is that the island is beginning to attract younger wealthy settlers as well as retired people. These immigrants, in tbe 45 to 55 bracket rather than "young," are likely to have e second active business life ahead of them.

Control

Unlike Guernsey, which operates a two-tier system of "open" and "local" market housing to control immigration, Jersey admits a net intake ef ooly 15 new wealthy settlers a yeer, excluding replacement of those wbo bave emigrated elsewhere or have died.

Entry qualifications are an income large enough to provide Jersey with a minimum income tax yield, at 20p in the pound, of £10,000 year, or else outstanding social assets such as being an eminent historian or a distinguished musician. In addition, wealthy immigrants must look for houses at a starting price of £100,000.

At the eod of 1976, the net figure of 14 new settlers wanting to live in the island was an improvement on the previous year's entry. This year, the quota of rich immigrants has nearly been reached already, and there are fewer complaints that the entrance credentials are fixed at an unrealistically high level in the face of declining demand.

All the same, the Jersey Estate Agents Association points out that of the 14 accepted in 1975, only nine have passed contracts tn date. Mr. Powell says that in practice tha price for Jersey entry is lower now because it bas remained unchanged since 1974, whereas there has been more than 50 per cent. inflation over the same period.

Mr. "Freddie" De Gruchy, one of the Island's leading estate agents, says that there is a dramatic difference now in the Jersey property scene from wbat it was 18 months ago. "There is a healthy improvement rigbt across the board," he said.

Ir is widely eccepted thet the market began to pick up at the end of last year. In December, a number of luxury houses changed hands at £200,000 plus —formerly a class of property that was proving slow to move.

Tbere is reluctance in Jersey to analyse the reasons for the uptrend in the property scene, especially as it is felt that the situation could change again. But one view is that people actively engaged in business in the U.K. have become disillusioned with the tax structure. Many successful businessmen, it is thought, feel they have given the country e fair cbance and bave now decided to get out because there is no sign of improvement.

There is also the "traditional" Channel Islands immigrant—people retiring from countries like South Africa, for wbom the political stability and low tax advantagee of Jersey and Guernsey are big edvantages.

"There is always a regular demaod for open market houses in Guernsey," says estate agent Mr. Pat Swoffer. "There are houses available et £35,000 to £42,000, but frankly you would not get much fnr tbis money. A decent property—say a Regency town bouse, detacbed or terraced, with four beds, three living rooms, central heating, walled garden—would start at about £60,000 to £65,000."

Mr. Clive Maides, a partner in a youog but already established firm of Guernsey agents, confirmed this starting price, but said they bad now dnly ten properties on their books below £100,000. His firm has 35-40 open market houses available in all as against double that number six months ago.

They have sold houses lately to all age groups from elderly to couples with young femilies. Immigrants, says Mr. Maides, like the frieodliness of the Guernsey people. They enjoy the Continental touch in the island's atmospbere but what they really eppreciate is the British way of life—including the freedom and law-abidingness that this implied 20-30 years ago.

Among the present bousebunters in Guernsey's open market are at least two from the Isle of Man. One of them finds the atmospbere there so hostile to "come-overs" that be is anxious to leave as soon as possible.

It is unlikely thet the Manx refugees will seek havens at Fort George, a bousiog estate built exclusively for wealthy settlers on the outskirts of St. Peter Port. The most modest abode in this "millionaire's row," as it is called locally, is priced to change hands at £115,000.

There is no restriction on newcomers buying into Sark and Alderney (although permission to buy freehold property in Sark must be obtained from the hereditary Seigneur). These small islands are recognised as specialised markets where the way of life eppeals strongly to certain peopie. A luxury bungalow in Alderney is currently for saie at about £40,000.

There is reckoned to be over 100,000 square feet of new office accommodation available in Guernsey's harbour capital, St. Peter Port. Prices vary from ebout £2.50 a square foot at Commerce House—a 30,000 square foot office development incorporating seven local market flats—to £4 a square foot, at Weighbridge House, where the ground floor is let as restaurant, bar and shops.

Lovell and Co., agents for both properties, say the latter development has a high price tag because it ia in a prime central position along the barbour front and is finished to first-class standards.

Framework

Althougb constructed from a single-steel framework, Weighbridge House appears to be several buildings of different periods—a charming evocation of old St Peter Port. This delightful illusion, which undoubtedly enhances the town, was insisted upon by the Island Development Committee, Guernsey's powerful planning authority.

Meny people in the island ere wondering now if tbe IDC will apply Weighbridge House standards to all future new developments in St. Peter Port, end wbether anyone will be able to afford it if they do so.

Commercial building is controlled in Jersey by tbe island's Regulation of Undertakings and Development Law, and there is no yawning gap between supply and demand.

Virtually all prime new office space is now taken up, including Queensway House, a former Slater Walker development in Queen Street, St. Helier, where shops oo two levels bave also been let.

Mr. Tony Williams, a partner in William Bull and Co., top Jersey agents who are specialists in commercial development, says new office building in the future is likely to be pre-let or for use by owner-occupiers. The going rate at the moment is about £3.50 a sq. ft. for prime office accommodation.

Mr. Williams reckons there is only 40,000 to 50,000 sq. ft. of office space available now in converted buildings, and considers this a bealthy aituation for Jersey. "There is nothing more depressing than office and shop developments lying around empty."

Willa Murray

FARMING AND RAW MATERIALS

Boom in broiler exports

By Christopher Parkes

THE BRITISH poultry industry on the look-out for new markets, having seen its exports of frozen chickens soar from 700 tonnes in 1975 to 7,000 tonnes last year and an expected 25,000 tonnes this year. Sales in 1977 could be worth £13m.

An export office has been opened in Dubai to deal with incoming business in the Gulf. The British Poultry Export Company, according to chairman Mr. Neil Eastwood, is also opening up markets in the Canary Islands, West Africa, Cuba and even the Soviet Union. A trial shipment of 300 tonnes was sent to Nigeria only last week.

Sales took off earier this year when Mr. Eastwood's company, which claims to represent 85 per cent. of the broiler chicken producers in Britain, snapped up a 1,000-tonne order from Iran which the U.S. trade could not fill.

Exports of broiler meat are a new venture for British traders. The Dutch and Danes have been selling abroad for some years. Mr. Eastwood claimed that the poultry export consortium was catching up rapidly with these experienced exporters.

The BPEC is a consortium of main broiler producers in Britain. Among the big chicken farmers not yet signed up is FMC, the biggest meat marketing group in the country.

U.K. fishing zone 'vital'

By Richard Mooney

A 50-MILE exclusive U.K. fishing zone within a general EEC pool is a "must" according to Mr. Neil Tapscott, chairman of Associated Fisheries.

He told a national fishing industry conference in Hull yesterday that he did not believe the EEC would be able to ensure conservation as effectively as the British Government. "Experience demonstrates that the EEC will have the greatest difficulty in enforcing the necessary disciplines."

Mr. Tapscott said that the industry should insist not on catch quotas, as at present, but on effort limitation through the licensing of specific vessels. "The advantages for policing are obvious, but most importantly, it would ensure a much better chance that catches are kept within what the stock can sustain."

The 50-mile zone was important not only from the point of view of stock conservation, but also to compensate the U.K. industry for the loss of distant water grounds.

Coffee futures rally after new downward plunge

BY JOHN EDWARDS, COMMODITIES EDITOR

COFFEE PRICES tumbled dramatically and then staged a sharp recovery on the London Robusta futures market yesterday.

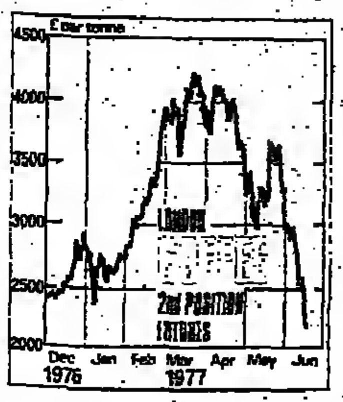
The September position plunged by over £400 at one stage to a low point of £1,910 before rallying in lated trading to £2,175 a tonne—£150 down on balance compared with the previous close. This is the lowest level since early November last year.

Evan dealers, who have become used to some wild fluctuations in coffee values during the past two years, were staggered by the violent price movements yesterday.

Prices have already slumped considerably in the past month, with roasters holding off because of a drop in consumer demand and latterly the fear of buying in a declining market.

This week the downtrend has been accelerated by more gloom about consumption prospects, forecasts on a substantial rise in world output, and warm weather in Parana easing fears of a frost hitting the Brazilian crop this year.

Constant limit down movements in the New York market, which cannot keep pace with London because of the restrictions on how far values can move in a day, have added to the "bearish" sentiment.



As a result London opened sharply lower yesterday, and was driven further down by a move by Colombia to lower the deposit paid by coffee exporters, although this does not directly affect the export price.

Additional pressure came from a report that the Greek Government had banned the import of about 1,500 tonnes of coffee, bought at much higher prices in late April. It was feared that this might result in some "distressed" selling.

Trade sources, however, pointed out that at present physical prices are at a substantial premium—put at around £1,500—to the futures market although roasters are continuing to hold off buying.

Nevertheless dealers' predictions that the recent fall had been grossly overdone came partially true in the afternoon when the market staged a substantial recovery.

One reason behind this rise was alleged to be unconfirmed rumours of a coup in Uganda, but the real reason was that a technical reaction after the recent declines was long overdue.

Cocoa prices came under pressure, following the downward move in New York overnight. After quickly falling to the permissible limit down in the morning, values fell further in later trading with the September position closing £109 lower at £2,655.5 a tonne.

It is claimed that the tight supply situation that has kept prices up is easing now, but it was also noted that the producing countries were reluctant to sell at the lower levels.

U.K. dairy herd remains stable

BY OUR COMMODITIES STAFF

FLYING IN the face of expert forecasters who have been predicting an expansion in the dairy herd, milk producers in England and Wales have not increased their cow numbers. As a result, the Meat and Livestock Commission says: "It is virtually certain that no expansion of the dairy herd can now take place in 1977 and 1978."

In March the MLC estimated the dairy herd at 3.71m. head—1 per cent. more than in March, 1976. It said that by June the number of milking cows should increase to 3.31m.

The commission's summer market report adds that, as expected, the beef breeding herd has fallen. Allowing for live imports from Ireland, beef production in the U.K. is now expected to total 987,000 tonnes this year—41,000 tonnes more than the last estimate, but still 68,000 tonnes less than in 1976. Little further change is expected next year.

Although there has been no recent sheep census, the MLC reports that the breeding flock is expanding.

The herd of breeding sows has fallen 5 per cent. because of low profits in the pig industry. The sow population is unlikely to begin increasing again until the second half of next year at the earliest, the commission says.

Pork supplies between January and March were 24 per cent. higher than a year earlier, but there are now signs of a reduction, and the MLC suggests that by the beginning of October, the average price for pigs should be about 68p to 70p a kilo deadweight.

In its international survey, the commission notes that in the EEC, cattle prices have been averaging only 5 per cent. more than at this time last year. The "world price," however, has risen steadily because of increasing demand for beef from the Soviet Union, other East European countries and the Middle East.

Argentina is expected to be among the exporting countries benefiting most from this demand. Sales abroad this year are expected to be up more than 20 per cent. on 1976.

The Soviet Union is paying considerably more for its imports than last year and, as a result, world prices have improved overall. But no further substantial hardening of prices is expected until some time next year when the U.S. and Japan are expected to start importing large quantities of beef.

Demand for beef in the Common Market is also likely to rise during the new year, mainly because of an expected reduction in supplies of pork.

Beef consumption in the Nine will fall by about 1 per cent., the MLC says, and by 3 per cent. in the U.S. Australians and Argentinians are also expected to eat less, since more of their home supplies will be exported.

● Prices of Danish, British and Irish bacon increased by £20 a tonne on the London Provision Exchange yesterday.

Sharp rise in lead and zinc

RISES IN the lead and zinc markets on the London Metal Exchange yesterday had nothing to do with the loss of up to £1.8m. in a lead-zinc transaction announced by Amalgamated Metal Corporation on Wednesday, a spokesman for the company said yesterday.

He confirmed that the company had replaced the missing metal, which an overseas company had failed to deliver, before the announcement of the loss.

Amalgamated Metal is still not revealing the name of the overseas merchant concerned in case this would prejudice its chances of recovering the loss.

But it is believed to be a company in the Far East, and Amalgamated Metal has volunteered to provide a "check system" for other metal trading companies on the Metal Exchange.

The substantial rise in lead and zinc prices yesterday was attributed to a change in sentiment contrasting with the recent *gloomy* outlook that recently forced prices down to what some dealers feel were excessively low levels. As a result, cash lead gained £13.25 to £326 a tonne, while cash zinc moved up by £16 to £323 a tonne.

However, the rise in copper prices was not sustained yesterday. In thin trading conditions cash wirebars closed only £1.75 up at £757.5 a tonne with profit-taking sales paring earlier gains.

Considerable doubts remain on whether there will be a lengthy strike by U.S. copper workers when their labour contracts expire at the end of this month. Without a stoppage it is feared prices could drop sharply.

Little attention was paid to a report that members of the Council for Copper Exporting Countries would discuss a new pricing system for copper, whereby they sold at an average between the LME and the U.S. producer price. It is not thought that member countries will be able to agree on a decision.

CHINA PAYS MORE FOR FERTILISERS

TOKYO, June 16.

China has concluded a $17m. contract to buy 270,000 tonnes of ammonium chloride fertilisers from Japan during the 1977 fertiliser year, beginning in July.

The Japan Ammonium Chloride Makers' Association, announcing the deal, said the export price agreed was about 72 per cent. higher than that for the previous year, when Japan sold 250,000 tonnes to China.

SALMON FARMING

Rich rewards from a high-risk crop

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

AFTER SPENDING a week flogging a most unresponsive Scottish river, which was almost wholly lacking in salmon and in water too, I visited the Loch Ailort salmon farm belonging to Marine Harvest, a subsidiary of Unilever. As I arrived on the scene the lorry was just being loaded with about six tonnes of the most splendid salmon I have ever seen. In fact I have never seen so many in one heap before, and nor I wager has any other sporting angler.

There is a distinct possibility that unless the present decline in wild salmon catches both in rivers and nets is greatly reversed, the only source of salmon for human consumption in the future could well be farms such as this one.

But it is not an easy enterprise or a cheap one. Certainly not for the small man in the present circumstances of high cost of feed, labour and the equipment needed. Only, it seems to me, can organisations of great financial strength undertake it. There was a time when even Marine Harvest had to restrict development until the market looked more hopeful. In 1975 there was such a drop in prices that it looked as though the future of the project could be in danger.

Rearing

The company claims that it has now mastered most of the practical problems of rearing salmon, by taking advantage of its habit of spending a year or two years of its life at sea before returning to fresh water to spawn and probably die.

The parent salmon are stripped and the ova hatched in fresh water. In this case at Invergarry. The young salmon or parr will, under natural conditions, spend several years in the river of their birth, depending on feed and temperature. At the end of this period they reach the smolt stage of development, lose their trout-like spots, turn silvery and leave the river for the sea.

The hatchery parr will usually reach the smolt stage within a year because of the optimum feed and environment provided on the farm. The main problems here are, as with trout rearing, the prevention of disease and maintaining a sufficient flow of fresh water. They are then moved into salt water, in this case in cages floating in the sheltered waters of the loch. These cages, in reality nets hung from pontoons about 8 yards square, hold up to 10,000 smolt when first transferred, and this number is reduced as the fish grow and they are given more room by being sorted according to size.

Growth is very quick. From a weight of about 4 ozs. in the smolt stage they can reach 4 lbs after one year and an average of 7 lbs to 8 lbs after two years. Selling weight is determined by the sexual maturity of the fish. A number mature after one year in the sea. These are called grilse which in a natural environment would seek to return to fresh water to spawn.

Maturity

This means that under farm conditions they have to be sorted out and sold as soon as they develop signs of maturity. They lose some of their silver colour, and have other characteristic signs. Because grilse make less money than the larger fish, the operators of the farm would like to reduce the proportion that appear. So far no one knows why one smolt will mature into a grilse in one year, and another delay for two or more. It is possible though, according to the manager, that the improved environment of the farm causes a higher number of grilse than under natural conditions.

The remainder of the fish mature at two years old and at that time can weigh up to 15 lbs in some cases. There is obviously a hereditary factor here as the food should be equally available to all.

The health of the fish once in the sea is extraordinarily good. It is their natural habitat and the 16-foot tide of the loch keeps the water fresh. Birds can, unless netted out, take the smolts; and seals are always hanging around in hopes of an escapee, but so far haven't attacked the nets or the cages. Security guards are employed to keep away human predators who might be tempted to raid the cages.

The operation is fairly labour intensive. The fish need handling from time to time, the cages can suffer from damage in a gale although far from the open sea, and the nets become encrusted with mussels within a couple of months and have to be taken out and changed. Harvesting and packing the fish for transport is now a major job and lasts from February to August. This will increase as output rises from the present 200 tonnes a year.

Disease

Feed costs are quite high. The fish need a properly balanced high protein diet of a rather complicated formula costing up to £400 per tonne. The Norwegians, the pioneers in this work, use a lot of fish waste, but this brings problems of disease and inconsistency of the ration. Even at the high feed price the conversion rate of 1.5 lbs of feed to 1 lb of weight gain looks attractive when large salmon are selling at over £2 per lb, equal to more than £4,000 per tonne. No other farmed animal that I know of produces this sort of margin.

But don't be misled by this equation. The capital cost of establishing the three-year cycle before fish can be sold is very high. So is the equipment and the cost of labour. The fish are vulnerable to diseases which afflict all intensively farmed stock, although the Loch Ailort farm has been fortunate so far. The price, particularly of large fish, is very high at present, and it is questionable if the market could stand much in the way of extra supplies at this level. At the moment about 2,000 tonnes of salmon are sold in Britain from all sources as a luxury product. But how much more would the public be prepared to buy? This is the crucial question.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange, tending to follow the trend of other metals, but with sentiment much improved. After starting at £774 pre-market, forward metal moved up to £782 [illegible]

[illegible]

however, there was some U.S. selling, and the price fell to £5,680 before closing on the Kerb at £5,685. Turnover 2,650 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5640-5	+185	5600-10	+50
[illegible]				

Morning: Cash £331, 32, 34, three months £330, 31, 32.5, 32, 33.5, 34, 35, 37, 36, 37, 33, 38.5. Kerb: Three months £335, 34, 35, 37, 36, 35. Afternoon: Cash £327.5, three months £334, 3, 2, 3, 3.5. Kerb: Three months £332, 31, 32, 32.5, 33, 32, 31, 30, 29, 30.

ZINC—Firmer, like lead, in busy trading helped by suggestions of a cut-back in production. [illegible]

[illegible]

LG Index Limited 01-351 3466 Three months zinc 326.25-329.75

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

245.50 (232.50); unwashed Arabicas 320.00 (same); other Mild Arabicas 237.50 (230.00); Robustas 205.50 (215.00). Daily average 221.50 (232.50).

GRAINS

LONDON FUTURES (GAFTA)—The market opened unchanged and drifted by [illegible]

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

COTTON

[illegible]

minor scale, with few contracts of importance arranged. Occasional interest was shown in South American and Middle Eastern types.

SUGAR

LONDON DAILY PRICE (raw sugar) £113.00 (same) a tonne cif for June-July-August shipment. White sugar daily price [illegible]

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

Victorian: Josephines 5.00-5.40. Peaches—Italian: large trays 1.80-3.50; Spanish: Standard 1.70-2.50. Apricots—Spanish: 3.70-3.30. Grapes—S. African: Barlinka 4.00; Israeli: Queen per box 0.60. Cherries—Italian: per lb 0.40-0.55; French: 0.50. Plums—Spanish: Santa Rosa approx. 10-lb 2.40-3.20, Japs 2.00-2.20, Burbank 2.50-3.70. Melons: Israeli: yellow 4.70; Spanish: Charentais 4.50. Water-melons [illegible]

[illegible]

JUTE

[illegible]

PRICE CHANGES

Prices per tonne unless otherwise stated.

	June 16 1977	+ or —	Month ago
Metals			
Aluminium	£650		£638
[illegible]			

* Nominal. † Seller. ‡ Unquoted. § Unofficial close. ¶ Indicative price. a Seller's quotation. b U.K. and Commonwealth refined. c Uganda Robusta standard trade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." e Ex-tank London/Hull. h June-July. April-June. k July. Mar-July. m September. n October-December. o August. Sept. s May-June. w July-August. x August. r September. z Per ton.

FINANCIAL TIMES

June 16	June 14	Month ago	Year ago
243.92	252.21	272.77	233.15

(Base: July 1, 1952=100)

REUTER'S

June 16	June 15	Month ago	Year ago
1527.2	1600.8	1670.1	1526.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	June 15	June 14	Month ago	Year ago
Spot	401.73	404.00	415.30	357.85
Futures	373.20	374.91	385.82	348.43

(Average 1924-25-26=100)

MOODY'S

Moody's	June 15	June 14	Month ago	Year ago
Spie Commdty	884.5	887.0	903.1	863.5

(December 31, 1931=100)

★

GRIMSBY FISH—Supply moderate demand good. Prices a stone at ship's side, unprocessed. Shelf cod £3.60-£4.20, codlings £2.50-£3.60. Haddock, large £4.50, medium £4.00-£4.60, small £3.50-£3.30. Plaice, large £3.90, medium £3.60, best small £3.00-£3.40. Skinned dogfish, medium £7.00, large £8.00. Lemon soles £6.00. Rockfish £1.30-£1.00. Reds £1.50. Saithe £2.00-£2.40.

U.S. forecasts record world sugar crop

WASHINGTON, June 16

THE U.S. Agriculture Department has *forecast* a record world sugar production in 1976-77 of 86.6m. tonnes—up 1m. tonnes from its previous estimate and 4.6m. tonnes more than the 82m. produced in the previous season.

The department's Foreign Agricultural Service said this would be well above world consumption—estimated at 82.8m. tonnes.

World cane sugar output in 1976-77 is put at 53m. tonnes—61 per cent. of the total—with beet sugar production of 33.6m. tonnes accounting for the balance.

Cane sugar production would be up 3.2 per cent. from a year earlier and beet sugar up 1.4m. tonnes.

Statistician, F. O. Licht put total world sugar production at 86,17,000 tonnes—in his latest 1976/77 estimate—very close to the department's figures.

Both estimates are in line with current market ideas and had little effect on prices.

Reuter reports from Sydney that CSR has rejected a new Japanese proposal to amend the long-term sugar contract between Australia and Japan. It has withdrawn its offer to amend the contract made on April 7.

CSR told the Japanese Sugar Refiners' Association delegation that it would proceed to enforce the provisions of the freely-negotiated commercial contract.

U.S. Markets

NEW YORK, June 15.

Cocoa—Ghana and Bahia spot unavail. July 213.00 (211.90), Sept. 205.50 (202.75), Dec. 187.70, March 178.70 nom., May 177.35 nom., July 168.10 nom., Sept. 159.60 nom. Sales: 871 lots.

[illegible]

§Barley—July 89.70 (90.00). Oct. 86.30 (86.80), Dec. 84.50 nom.

dFlaxseed—July 265.00 bid (267.00 bid), Oct. 266.00 (268.00 asked), Nov. 264.00 bid, Dec. 259.50 bid.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 341½ (337½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. ‡ $'s per troy ounce—100-ounce lots. † Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ¶ $'s per troy ounce for 50-ounce units of 99.0 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. †† Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

Malaysia lifts rubber output

KUALA LUMPUR, June 16.

WEST MALAYSIAN rubber production in March was 108,541 tonnes compared with 87,993 tonnes in March last year, Statistics Department figures showed.

Exports in March rose to 152,750 tonnes from 138,617 a year before.

Stocks at end-March totalled 206,816 tonnes against 196,437 tonnes at end-March, 1976. Reuter

STOCK EXCHANGE REPORT

Buyers continue to hold off on political uncertainties

Share index down 6.6 at 443.5—Gilt falls to £1—BP rally

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 23	Jun. 9	Jun. 10	Jun. 21
Jun. 13	Jun. 23	Jun. 24	July 5
Jun. 27	July 7	July 8	July 19

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets yesterday virtually repeated Wednesday's pattern with leading shares and British Funds weakening on small selling and lack of support and with Gold Mines making modest headway. Trade was subdued again and official markings stayed below 5,000 for the tenth successive business day. British Funds ended up to ¼ above the day's lowest and were tending to harden further in the late trade, but closing falls to a full point in the longs and to ¾ in the shorts were sufficient to leave the Government Securities index down 0.64 at 67.58: this is its lowest point in the fall from the May 18 4-year peak and represents a loss over the last four weeks of 5½ per cent.

Leading equities went sharply lower from the opening on further selling and the virtual absence of demand. Part of the falls represented marking down by jobbers in an attempt to find buyers but, apart from the odd speculative spot, firm features at the end of the day were difficult to find. Down 7.1 at 10 a.m., the FT Industrial Ordinary share index extended the loss an hour later to 8.5. This proved to be the lowest of the day and quotations held close to the lower levels in front of and after the announcement of the May trade figures; the index ended with a net loss of 6.6 at 443.5 for a fall of about 7½ per cent. from the May 18 high.

Oils and Mining Finance were the only two sub-sections of the FT-Actuaries indices to end with gains, the former chiefly owing to a rally of 20 to 890p in BP following late U.S. demand. The All-share index shed 1.1 per cent. more to 184.88 and falls in FT-quoted equities outnumbered rises by 11-to-2.

Gilts again on offer

Depressed on Wednesday by political and inflationary worries, Gilt-edged yesterday met with further selling following the Bank of England's warning in its latest Quarterly Bulletin that interest rates might have to rise if hopes of continued wage restraint and a fall in the inflation rate are disappointed. Short-dated stock came on offer from the start and, although ending about ¼ above the day's lowest, quotations ended showing fairly widespread losses to ⅞ with the high-coupon stocks displaying falls to 1⅛. The Treasury Variable, on the other hand, stayed steady at 95⅞. The long-dated stocks also weakened: losses ranging to 1¼ were trimmed a full point at the close and hardened a shade more in the late trade. Undated issues were ¼ to ⅜ off.

An exceedingly quiet day in the investment currency market saw the premium drift down on lack of support to finish the day 1¾ points lower at 114¼ per cent. Yesterday's SE conversion factor was 0.7050 (0.7015).

Forward Technology Trust, formed by a reverse takeover of the quoted MPI group, made its debut yesterday: the shares closed at 97p compared with the placing price of 89p at which it opened yesterday.

Banks easier

In a lethargic Banking sector, the big four drifted easier on lack of interest. National Westminster lost 4 to 234p and Midland 3 to 292p. Hong Kong and Shanghai shed 6 to 310p among Foreigners. In Merchant Banks, Hambros gave up 4 to 176p; the preliminary results are due next Tuesday. Mercury Securities shed a like amount to 109p and Schroders receded 10 to 320p.

Insurances followed the dull market trend. Sun Alliance cheapened 5 to 450p and Guardian Royal Exchange and Phoenix fell 4 to 200p and 216p respectively. C. E. Heath gave up 5 to 610p and Matthews Wrightson were 4 easier at 228p.

Breweries gave ground, with Guinness noteworthy for a fall of 9 to 137p on the bearish statement which accompanied the half-yearly results. Other falls in the leaders were generally limited to a penny. Still reflecting the bid denial, Vaux reacted 3 more to 305p. Arthur Bell were quoted ex rights at 225p, while the new shares opened at 30 premium and eased to close at 25 premium.

Buildings closed dull after a small business. Confirmation of recent rumours that Croda International has acquired an 6 per cent. stake in Blundell Permoglaze left the latter's shares 4 down at 50p. Leyland Paint and Wallpaper gave up a similar amount to 49p 236p. while H. and R. Johnson-Richards Tiles lost 5 to 198p. Trading statements failed to impress UBM, 55p, or Burnett and Hallamshire, 116p, both of which cheapened a penny or so. AP Cement shared 2 to 192p and losses of 3 were recorded in Barratt Developments at 77p, Ellis and Everard at 76p and Marchwiel at 184p.

Standing a couple of pence easier in front of the trade figures, ICI drifted down further after the announcement to close 6 down on the day at 388. Elsewhere in Chemicals, Alginate Industries receded 5 to 275p and Storey Bros. lost 3 to 90p, after 89p.

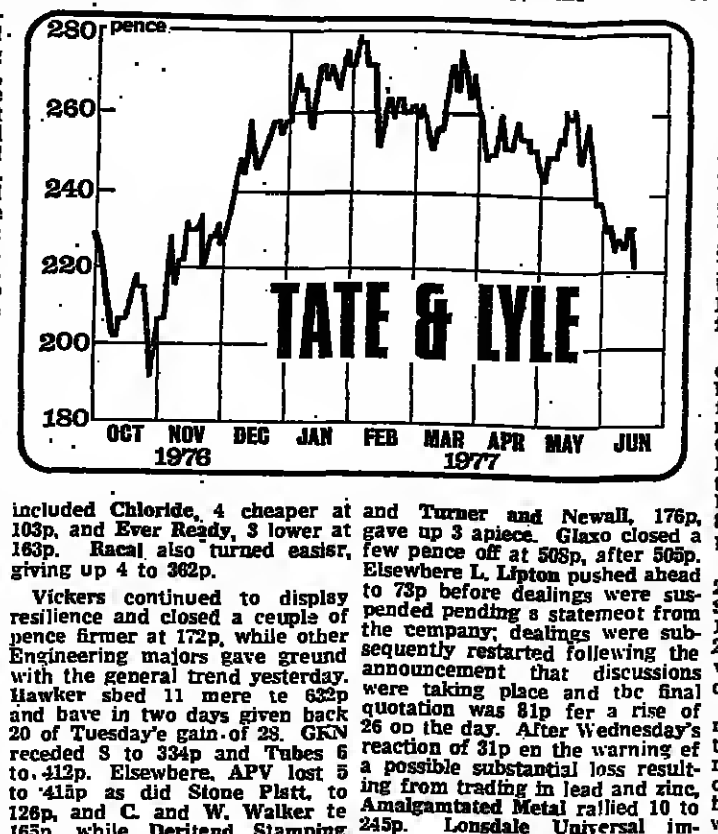
Audiotronic weak

Details of the group's planned staff and services cutback because of the steep decline in sales of consumer durables through its Lasky chain of hi-fi shops induced nervous selling of Audiotronic which fell away steadily to close 6 down on the day at 33p. W. H. Smith A shed 10 to 525p in a thin market and House of Fraser, a firm market of late on bid hopes, gave up 4 to 124p. Marks and Spencer softened 2 to 115p as did UDS, to 65p, and Gussies A, to 220p. By way of contrast, Lee Cooper put on 8 to 103p following the good results and proposed 50 per cent. scrip-issue.

Light selling and lack of support left the Electrical leaders a little lower. EMI gave up 3 to 217p and falls of 2 were marked against GEC, 184p, and Reyrolle, 191p. Scattered losses elsewhere included Chloride, 4 cheaper at 103p, and Ever Ready, 3 lower at 163p. Racal also turned easier, giving up 4 to 362p.

Vickers continued to display resilience and closed a couple of pence firmer at 172p, while other Engineering majors gave ground with the general trend yesterday. Hawker shed 11 more to 632p and have in two days given back 20 of Tuesday's gain of 28. GKN receded 8 to 334p and Tubes 6 to 412p. Elsewhere, APV lost 5 to 415p as did Stone Platt, to 126p, and C. and W. Walker to 165p, while Deritend Stamping relinquished 4 to 128p and Record Ridgway 3 to 73p. Mitchell Somers edged forward 2 to 36½p on the results and Newman Tubes met support at 99p, up 4.

Tate and Lyle provided the focal point in an otherwise listless Foods section, dropping 11 to 221p in light trading on the interim figures which failed to come up to market estimates. J. Lyons eased 3 to 78p, while J. Sainsbury, 176p, and Associated Dairies, 262p, both closed 4 cheaper. Matthew Holdings shaded 2 to 50p in the absence of any news of the current bid talks with Thomas Borthwick, while small selling in thin markets left Linfood 8 off at 255p and British Sugar 10 cheaper at 415p. Cavenham held at 134p despite continuing fears about the effect of Generale Occidentale's partial bid on the company's rating. By way of contrast, J. N. Nichols (Vimto) responded to Press comment with a rise of 8 to 142½p. Supermarkets declined throughout the list on small selling in an unwilling market. Tesco gave up a penny to 37p, while Lennons, 34p, and William Morrison, 134p, both closed 2 cheaper. Wheatsheaf Distribution shed 3 to 195p. Hotels and Caterers also had an easier bias.



L. Lipton jump

The miscellaneous Industrial leaders ended a penny or so above the worst. Beecham finished 8 cheaper at 476p, while Boots, 170p, and Turner and Newall, 176p, gave up 3 apiece. Glaxo closed a few pence off at 508p, after 505p. Elsewhere L. Lipton pushed ahead to 73p before dealings were suspended pending a statement from the company; dealings were subsequently restarted following the announcement that discussions were taking place and the final quotation was 81p for a rise of 26 on the day. After Wednesday's reaction of 31p on the warning of a possible substantial loss resulting from trading in lead and zinc, Amalgamated Metal rallied 10 to 245p. Lonsdale Universal improved 2 to 61p in response to the interim statement, but English China Clays, 5 lower at 92p, failed to benefit from the half-yearly results. Dunbee-Combex, a good market of late, met profit-taking and gave up 10 to 300p. Chubb reacted 4 to 108p following the preliminary results, but Dom Holdings hardened a penny to 54p on the increased dividend and profits. Rockware were noteworthy for a reaction of 8 to 110p, while Johnson Matthey gave up 12 to 424p in a restricted market. Avon Rubber lost 5 to 149p and Restmor were 4 cheaper at 90p.

Motors and Distributors shared in the general malaise. Abbey Panels reacted 4 to 42p, while Lucas Industries, 296p, and Robert-Stockfis, 175p, lost 5 apiece. Heron Motor, a firm market of late, reacted 1½p to 59½p, with the 10 per cent. Convertible four points lower at £90. On the other hand, Turner Manufacturing moved up 3 to 90p in front of to-day's interim statement, while Godfrey Davis responded to the preliminary results with a rise of 2 to 48p.

In common with most other sectors, Newspapers drifted lower on lack of support. North Sea oil favourite Thomson closed 11 lower at 577p. Suspended on June 9 at 122p pending the outcome of bid discussions, Dolan Packaging returned to the market yesterday at 168p to equal the agreed cash offer from Aktiebolaget Statens Skogsindustrier of Sweden and remained at that level all day.

BP up late

A rather quiet day in Oils was enlivened by late U.S. demand for British Petroleum which pushed ahead to 890p for a rise of 20 on the day. The late improvement in BP helped Shell pick up from the day's worst of 538p to close at 540p, down 4 on balance. Burmah gave up 3 to 68p and Ultramar 2 to 162p, while British Borneo, a recent speculative favourite, reacted 4 to 164p.

Scattered losses were the order of the day in the Property sector. Intereuropean, 2 lower at 33p, failed to benefit from the chairman's encouraging statement. Great Portland lost 4 to 236p and B. Sunley 2 to 153p, while leaders to record falls of a penny included Land Securities, 192p, and MEPC, 8p. In contrast, Samuel were supported and put on 3 to 78p.

Harrisons and Crosfield declined 25 to 512p in Overseas Traders. S. and W. Berisford eased 3 to 186p and Gill and Duffus lost 4 to 209p, while Booker McConnell were also notably dull at 175p, down 8.

Apart from Caledonia Investments, 2 harder at 262p following the preliminary figures, Investment Trusts drifted gently lower on small selling and lack of interest. Border and Southern were exceptionally 6 cheaper at 223p, while St. Andrew, 104p, and British Investment, 122p, lost 3 and 4 respectively. In Financials, Edinburgh Industrial finished marginally better at 20½p following news of the proposed purchase of Obex Oil.

Lofs featured Shipping with a rise of 3½ to 50p, after 50½p, on the better-than-expected recovery, while news of improved profits put British and Commonwealth 5 higher at 305p. Common Bros. improved 7 to 212p in a restricted market, but the dividend boosting rights issue failed to stimulate Walter Runciman which closed 6 easier at 110p. P. and O. Deferred were finally 2 cheaper at 155p, after 153p.

Apart from Atkinson Bros., which met with buying and put on 6 to 41p, there was little of interest in Textiles. Gains of a few pence were seen in Cawdaw, 30p, and Geo. Spencer, 44p, but Sidlaw eased a penny to 80p following the results.

Tobaccos gave ground on scattered selling and lack of support, with Bat Deferred reacting 13 to 219p and Imps 3 to 71p.

After Wednesday's jump of 16 on the excellent preliminary figures, Warren Plantations met with light profit-taking and closed 6 cheaper at 178p. Contrasting movements were provided by Assam Dooars, 3 off at 207p, and Western Dooars, 5 to the good at 128p. Rubbers spent a quiet session and closed with little variation.

Golds edge up

As fears of any further outbreaks of civil unrest in South Africa on the anniversary of the 1976 Soweto riots receded the further 50 cents rally in the bullion price to $139.625 per ounce enabled Golds to continue Wednesday's modest recovery, although rises in share prices owed more to jobbers marking up prices than to any substantial demand.

Nevertheless the Gold Mines index put on 1.6 more to 111.4—a two-day gain of 5.1—reflecting rises of up to ½ in heavyweights like Randfontein, £24 and gains of as much as 16 in lower-priced issues such as Libanon, 272p.

South African Financials also moved ahead with "Amgold" and General Mining both ½ to the good at £13⅞ and £14½ respectively. Gold Fields of South Africa, 75 up at 925p and Transvaal Consolidated Land, a half-point better at £12, both responded to a Cape demand. Anglo American and De Beers showed improvements of 7 and 6 respectively at the common price of 242p.

The weakness of U.K. equity markets affected sentiment in London-domiciled Financials. RTZ continued to reflect concern over the current Westinghouse litigation and eased a penny to 207p, after 206p.

On the other hand, Gold Fields attracted support in the wake of the higher bullion price and closed 6 better at 142p.

Platinums staged a modest rally in sympathy with Golds and the firmer free market metal price. Rustenburg recouped 4 at 70p and Lydenburg a penny at 53p. Coppers remained quiet despite the recent recovery of the metal price with RCM 5 off at a year's low of 115p.

Australians were subdued owing to lack of interest in both overnight domestic markets and here. Tins also attracted little attention.

Elsewhere, Rhodesians were the subject of small "cheap" buying and Mangula closed 3 higher at 63p.

FT—ACTUARIES INDICES

	June 16	June 15	June 14	June 13	June 10	June 9
Government Secs.	67.58	68.22	68.67	68.63	68.61	67.91
Fixed Interest	67.77	68.01	68.79	68.79	68.76	68.89
Industrial Ordinary	443.0	450.1	455.4	448.1	449.4	446.8
Gold Mines	111.4	109.8	106.3	109.0	112.5	116.8
Ord. Div. Yield	5.25	6.20	5.15	6.22	5.19	5.22
Earnings Y'ld%(full)(*)	16.10	15.94	15.78	16.00	15.90	15.99
P/E Ratio (net) (*†)	9.01	9.10	9.20	9.07	9.12	9.08
Dealings marked	4,919	4,849	4,860	4,727	4,830	4,744
Equity turnover £m.	—	53.27	50.01	42.20	73.64	68.02
Equity bargains total	—	15,030	15,370	19,288	16,618	14,650

10 a.m. 443.0. 11 a.m. 441.6. Noon 442.3. 1 p.m. 442.5. 2 p.m. 443.7. 3 p.m. 443.4.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. Nil=8.93.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	71.48 (18/5)	60.45 (4/1)	127.4 (9/1/35)	49.16 (3/1/75)
Fixed Int.	71.19 (18/5)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	477.4 (18/5)	557.6 (12/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	137.4 (7/3)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	June 16
—Daily	
Gilt-Edged	155.7
Industrials	166.7
Speculative	34.8
Totals	112.0
5-day Av'rage	
Gilt-Edged	140.0
Industrials	168.7
Speculative	33.8
Totals	110.1

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 31	Jun. 20	Sep. 1	Sep. 13
Jun. 21	July 4	Sep. 15	Sep. 27
July 5	July 18	Sep. 29	Oct. 11

For rate indications, see end of Share Information Service.

Calls were dealt in Lennons, P and O Deferred, Premier Consolidated Oil, Ultramar, minster Country Prop British Land, Town and Lonrho and Lloyds and Sc Puts were done in Ma Holdings and BP, while d were arranged in Lennons, mar, ICI, Courtaulds and short-dated put was dealt i while doubles were arrang ICI, Courtaulds and BP.

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (27)

FOREIGN BONDS (1)
Iceland 8½pc '83-88

AMERICANS (1)
Baker Intnl. Crp.

CANADIANS (1)
Bank of Montreal

STORES (1)
Bolton Textile

ELECTRICALS (3)
Allied Insulators, Sound Diffusion, British Electronic

ENGINEERING (5)
Bullough, Newman Tubes, Cartwright (R.), Robinson (T.), Eva Industries

INDUSTRIALS (4)
Dom Holdings, Lipton (L.), Hargreaves, Talbex

MOTORS (2)
Perry (H.), Turner Mnft.

PAPER (1)
Dolan Packaging

TEXTILES (2)
Atkins Bros., Spencer (G.)

TRUSTS (4)
Archimedes Inc., Caledonia Invs., Brycourt, Tor Invest. Cap.

RUBBERS (1)
Malakoff

TEAS (1)
Jokai

NEW LOWS (18)

BRITISH FUNDS (2)
Exch. 8¼pc 1982, Treas. 11¾pc 1991

FOREIGN BONDS (3)
Greek 7pc Assented, Do. 4pc Mixed, Do. 6pc '28 StabAss.

FOODS (1)
Tate and Lyle

INDUSTRIALS (4)
Franklin Mint, Stelux, Jardine Matheson, Viners

MOTORS (1)
Volvo

TEXTILES (1)
Snia Viscosa

TRUSTS (2)
Bucknall Trust, Jardine Japan

MINES (2)
Roan Cons., Zambia Copper

RISES AND FALLS YESTERDAY

	Up
British Funds	0
Corpns., Dom. and Foreign Bonds	1
Industrials	116
Financial and Prop.	26
Oils	2
Plantations	1
Mines	46
Recent Issues	3
Totals	193

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

THEATRES

ENTERTAINMENT GUIDE IC CONTINUED ON PAGE 15

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −
35	F.P.	10/6	1/7	46	39	Trident T.V. A	41½	−½
40	F.P.	10/6	24/6	75	66	Vincent (Harry)	69	
32	nil	23/6	22/7	7½pm	4½	Warne Wright & Rowland	4½	−1
108	F.P.	30/5	23/6	166	148½	Watts, Blake	166	
149	F.P.	—	—	36½	15½	Woodside Petroleum	30	−1

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p *** Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1977-78. o Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. * Offered to holders of Ordinary shares as a "rights." ♥ 200 S.Afr. cents. ‡ Rights by way of capitalisation. †† Minimum tender price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ≠ With warrants. ⊕ After suspension.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
BATs Defd.	25p	14	219	−13	260	204
ICI	£1	12	388	−6	409	325
Shell Transport	25p	11	540	−4	556	454
GKN	£1	10	334	−8	362	277
Rank Org.	25p	9	191	−4	218	128
Barclays Bank	£1	7	258	−2	285	228
RTZ	25p	7	207	−1	247	173
BP	£1	6	890	+20	966	776
Distillers	50p	6	140½	−3½	159	120
Glaxo	50p	6	508	−2	520	401
Land Secs.	50p	6	192	−1	200	137
Reed Intl.	£1	6	193	−6	233	183
Tate & Lyle	£1	6	221	−11	379	221
Unilever	25p	6	484	—	502	410
Vickers	£1	6	172	+2	191	144

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., June 16, 1977 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. June 15 Index No.	Tues. June 14 Index No.	Mon. June 13 Index No.	Fri. June 10 Index No.
1	CAPITAL GOODS (170)	176.85	−1.4	18.29	5.97	8.00	179.28	180.34	177.91	177.86
2	Building Materials (28)	149.36	−0.9	19.42	6.83	7.56	150.69	151.07	150.13	149.88
3	Contracting, Construction (25)	247.82	−1.7	20.89	4.64	7.17	252.12	253.21	251.85	253.50
4	Electricals (16)	340.63	−1.3	16.70	4.76	8.81	345.03	348.97	341.79	340.93
5	Engineering (Heavy) (10)	250.96	−1.0	21.31	5.29	6.35	253.57	255.52	249.28	249.04
6	Engineering (General) (67)	160.63	−1.6	17.87	6.53	8.24	163.29	163.93	161.61	161.71
7	Machine and Other Tools (9)	89.19	−0.9	22.72	7.15	6.73	89.98	90.14	88.77	88.80
8	Miscellaneous (21)	147.72	−1.3	17.53	6.72	8.05	149.61	150.70	149.45	149.56
11	CONSUMER GOODS (DURABLE) (52)	166.14	−1.6	17.27	5.08	8.61	168.85	167.87	164.17	164.94
12	Lt. Electronics, Radio TV (15)	186.57	−1.7	16.01	3.96	9.39	189.75	188.34	184.66	185.11
13	Household Goods (12)	159.19	−1.2	19.34	7.55	7.45	161.12	161.51	160.86	161.25
14	Motors and Distributors (25)	110.85	−1.6	18.52	6.06	7.99	112.66	112.04	108.71	109.63
21	CONSUMER GOODS (NON-DURABLE) (171)	164.86	−1.8	16.68	6.34	8.74	167.84	169.46	167.13	167.56
22	Breweries (15)	173.74	−2.1	15.40	7.03	9.78	177.41	177.80	176.14	176.72
23	Wines and Spirits (6)	184.53	−2.3	13.90	6.28	11.08	188.98	190.62	188.55	188.73
24	Entertainment, Catering (15)	207.43	−1.6	15.94	7.54	9.56	210.76	212.80	209.41	209.63
25	Food Manufacturing (21)	173.56	−0.9	22.25	5.80	6.63	175.22	177.13	174.52	174.40
26	Food Retailing (17)	167.15	−1.7	13.68	5.03	10.62	169.99	169.45	167.88	168.00
32	Newspapers, Publishing (15)	292.87	−1.2	10.20	4.02	14.92	295.66	298.36	294.84	294.70
33	Packaging and Paper (14)	120.30	—	18.74	6.96	8.03	120.31	121.41	120.79	121.64
34	Stores (36)	143.15	−1.6	12.55	5.30	12.08	145.45	147.13	145.21	145.27
35	Textiles (24)	165.45	−0.5	19.03	7.60	7.31	166.34	168.46	165.97	168.42
36	Tobaccos (3)	205.63	−4.4	22.14	8.73	6.00	215.12	218.78	213.86	215.34
37	Toys and Games (5)	99.29	−2.3	19.68	6.29	7.03	101.64	101.21	99.86	99.12
	OTHER GROUPS (97)									
42	Chemicals (27)	247.73	−1.3	15.20	4.84	9.28	250.93	252.99	249.66	249.24
44	Office Equip. (6)	100.78	−1.8	16.88	5.66	6.27	102.59	103.10	102.16	99.18
45	Shipping (10)	496.47	−0.1	15.46	5.58	8.58	497.17	506.43	499.11	507.46
46	Miscellaneous (54)	173.23	−1.1	16.59	7.54	8.81	175.14	175.76	174.98	175.61
49	INDUSTRIAL GROUP (490)	177.05	−1.5	16.84	6.01	8.62	179.73	181.00	178.58	178.83
51	Oils (4)	491.56	+0.9	11.27	3.68	10.30	487.40	485.83	486.39	495.46
59	500 SHARE INDEX	202.38	−1.1	15.85	5.59	8.87	204.59	205.67	203.44	204.34
61	FINANCIAL GROUP (100)	136.98	−1.1	—	5.95	—	138.48	137.89	136.04	136.26
62	Banks (6)	153.86	−1.1	27.14	6.25	5.64	155.58	153.62	152.98	153.36
63	Discount Houses (10)	169.85	−0.6	—	9.09	—	170.83	170.02	165.17	163.86
64	Hire Purchase (5)	130.60	−1.0	7.13	5.48	28.37	131.93	132.72	129.54	127.76
65	Insurance (Life) (10)	105.66	−1.1	—	7.66	—	106.84	107.41	106.13	107.82
66	Insurance (Composite) (7)	111.22	−1.0	—	6.78	—	112.40	111.39	109.88	109.26
67	Insurance Brokers (10)	288.87	−1.4	13.57	4.60	10.98	292.98	292.04	289.51	289.77
68	Merchant Banks (15)	67.10	−2.0	—	6.50	—	68.47	68.13	67.91	68.47
69	Property (31)	190.39	−0.7	4.25	3.04	38.61	191.78	193.77	189.97	189.04
70	Miscellaneous (6)	87.77	−1.0	16.09	9.83	9.65	88.68	87.53	87.53	88.91
71	Investment Trusts (50)	166.71	−1.5	3.37	5.00	29.69	169.29	168.88	167.83	169.12
81	Mining Finance (4)	88.85	+1.0	17.17	6.04	7.04	87.94	89.49	88.51	90.67
91	Overseas Traders (18)	271.60	−1.0	17.02	6.67	8.17	274.25	275.91	275.85	275.81
99	ALL-SHARE INDEX (673)	184.88	−1.1	—	5.65	—	186.86	187.55	185.51	186.34

FIXED INTEREST PRICE INDICES

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Thurs. June 16	Wed. June 15
1	Low Coupons	5 years	7.72	7.52
2		15 years	11.39	11.30
3		25 years	12.42	12.35

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

BASE LENDING RATES

A.B.N. Bank	8½%	■ Hill Samuel §	8½%
Allied Irish Banks Ltd.	8½%	C. Hoare & Co. †	8½%
American Express Bank	8½%	Julian S. Hodge	9½%
A P Bank Ltd.	8½%	Hongkong & Shanghai	8½%
Henry Ansbacher	9 %	Industrial Bk. of Scot.	8½%
Banco de Bilbao	8½%	Keyser Ullmann	8½%
Bank of Credit & Cmce.	8½%	Knowsley & Co. Ltd.	10 %
Bank of Cyprus	8½%	Lloyds Bank	8½%
Bank of N.S.W.	8½%	London & European	9½%
Banque du Rhone S.A.	9 %	London Mercantile	8½%
Barclays Bank	8½%	Midland Bank	8½%
Barnett Christie Ltd.	9½%	■ Samuel Montagu	8½%
Bremar Holdings Ltd.	9 %	■ Morgan Grenfell	8½%
Brit. Bank of Mid. East	8½%	National Westminster	8½%
Brown Shipley	8½%	Norwich General Trust	9 %
Canada Permanent AFI	8½%	P. S. Refson & Co.	8½%
Capitol C & C Fin. Ltd.	9 %	Rossminster Accept'cs	8½%
Cayzer Ltd.	9½%	Royal Bk. Canada Trust	8½%
Cedar Holdings	9 %	Schlesinger Limited	9 %
Charterhouse Japhet	8½%	E. S. Schwab	10½%
C. E. Coates	9½%	Security Trust Co. Ltd.	10 %
Consolidated Credits	8½%	Shenley Trust	11½%
Co-operative Bank *	8½%	Standard Chartered	8½%
Corinthian Securities	8½%	Trade Development Bk.	8½%
Credit Lyonnais	8½%	Twentieth Century Bk.	10 %
R. Dawes	10 %	United Bank of Kuwait	8½%
Duncan Lawrie §	8½%	Whiteaway Laidlaw	9 %
Eagil Trust	8½%	Williams & Glyn's	8½%
English Transcont.	9 %	Yorkshire Bank	8½%
First London Secs.	8½%		
First Nat. Fin. Corpn.	9½%		
First Nat. Secs. Ltd.	9½%		
Antony Gibbs	8½%		
Goode Durrant Trust	8½%		
Greyhound Guaranty	8½%		
Grindlays Bank ‡	8½%		
Guinness Mahon	8½%		
Hambros Bank	8½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 5% and over £25,000 5½%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 5½%.
¶ Rate also applies to Sterling Ind. Secs.

FOOD PRICES

	June 16 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	985	960	960
British A.1 per ton	975	935	935
Irish Special per ton	970	940	940
Ulster A.1 per ton¶	970	945	945
BUTTER (packets)			
NZ per 20 lbs	10.26-10.34	9.74	9.74- 9.82
English per cwt†	58.00	57.99	55.89
Danish salted per cwt†	60.15-62.61	60.15-61.07	58.65-60.51
CHEESE¶			
English cheddar rindless per tonne	1,051.13	1,051.13	1,051.13
NZ per tonne	1,051.50	1,004	1,004
EGGS*			
Home-prod. Standard	2.60- 2.90	2.60- 2.90	3.60- 3.80
Large	3.45- 3.80	3.45- 3.80	4.20- 4.30

	June 16 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scottish killed sides (ex-KKCF)	47.0—52.0	47.0—50.0	44.0—47.0
Eire forequarters	30.0—33.0	29.0—32.0	31.0—33.5
LAMB			
English	48.0—52.0	46.0—50.0	54.0—56.0
NZ PLs-PMs	41.0—43.0	41.0—43.0	39.5—43.0
MUTTON			
English ewes	—	—	—
(all weights)	32.0—38.0	29.0—37.0	30.0—38.0
POULTRY			
Broiler chickens	34.0—40.9	31.0—34.0	31.0—36.0

* London Egg Exchange price per 120 eggs. † Delivered. ¶ For delivery June 18-25.

Scottish Widows' Group

PO Box 902, Edinbrgh., EH16 5BU. 031-655 6000

Inv. Ply. Series 1	90.2	90.2	.....	—
Inv. Ply. Series 2	85.5	90.0	.....	—
Ex.Ut.Tr.June 1	118.9	124.0	.....	—
Mgd. Pens. June 8	214.1	219.8	.....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. ∘ Suspended. ♦ Yield before Jersey tax.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101
Index Guide as at 31st May, 1977 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	113.83
Clive Fixed Interest Income	112.47

CORAL INDEX: Close 441-446

INSURANCE BASE RATES

† Property Growth	9¼%
Cannon Assurance	5¼%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977 High	Low	Stock	£	+ or −	Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
101½	98⅞	Treasury 11½pc '77‡‡	100¾	−⅛	11.39	7.56
98¾	93⅝	Treasury 3pc '77‡‡	98⅞	.....	3.06	7.86
98⅞	94⅟₁₆	Transport 4pc '72-77	98⅛xd	.....	4.06	7.04
100⅝	95⅞	Treasury 9pc 1978‡‡	99⅞	−⅛	9.01	9.01
102⅝	97⅞	Treasury 10½pc '78‡‡	101⅛xd	−⅛	10.38	9.41
98⅞	90⅞	Exch. 5pc '76-78‡‡	96¾	−¼	5.17	7.69
104½	95⅞	Treasury 11½pc '79‡‡	101⅞	−¼	11.29	10.24
94¼	84⅞	Treasury 3pc '79‡‡	92½	−⅛	3.24	6.63
96¼	85⅝	Electric 4¼pc '74-79	93½	−⅛	4.54	7.39
102⅞	92	Treasury 10½pc '79‡‡	100⅞	−⅛	10.48	10.36
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 41¾% (based on $US1.7192 per £)

Conversion factor 0.7050 (0.7018)

CANADIANS

1977 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
12	10	Bk. Montreal $2	12xd	+⅛	$1.00	—	4.9
17⅞	13¾	Bk. Nova Scotia $1	15⅞	+⅛	86c	—	3.3
42	34¼	Bell Canada 25c	39⅞	−1	$4.08	—	6.0
19⅞	13⅞	Bow Valley‖	15⅞	−1¼	10c	—	0.4
10⅞	875p	Brascan‖	10¼	−⅛	$1.00	—	5.7
[illegible]	[illegible]	Can. Imp. Bk. $2	18⅞	+⅛	$1.40	—	4.5
[illegible]	11⅞	Can. Pacific $5	14½	+⅛	80c	—	3.5
33¼	26½	Do. 4pc Deb. £100	29¾xd	.....	4%	—	13.4
[illegible]	18⅞	Gulf Oil Can.‖	20⅞	−½	$1.06	—	3.0
420p	335p	Hawker Sid. Can.‖	420p	.....	36c	—	5.0
25⅞	20¼	Hollinger $5	21⅞	−2⅞	$1.94	—	6.7
13⅞	10⅞	Hudson's Bay‖	11⅞	−¼	65c	—	3.5
29⅞	25⅞	Hud. B Oil G. $2½	28⅞	+¼	$1.52	—	3.1
18¾	15⅞	Imperial Oil‖	16⅛	−¼	86.4c	—	3.1
28¼	21⅞	Inco	22⅞	−⅛	$1.60	—	4.2
675p	740p	Int. Nat. Gas $1	850p	+20	80c	—	5.5
18¾	14½	Massey Ferg.‖	15¾	−¼	$1.00	—	3.7
24⅞	20⅞	Pacific Pet. $1	23⅞	+⅜	86.4c	—	2.1
42p	32p	Place Gas $1	32½p	−1	—	—	—
[illegible]	19⅞	Rio Algom	[illegible]	[illegible]	$1.00	—	2.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S.E. List Premium 41¾% (based on $1.8174 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Continued

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
15	9	Kenkast 10p	10	−1	—	—	—	—
32	21	Kent (M.P.) 10p	27	−1	†1.85	2.5	10.5	5.8
£30½	£24	Lafarge S.A.F100	£24½	.....	Q15%	3.5	8.7	3.2
45	26	Lafarge Org.	42	−1	2.0	4.5	7.3	4.2
100	69	Laing (John) "A"	90	.....	2.82	ϕ	4.5	ϕ
145	105	Latham Jas. £1	145	.....	†d7.52	4.1	8.0	4.6
—	—	Lawdon (10p)	63½#	.....	—	—	—	—
90	53	Lawrence W.	80	−2	†5.5	2.7	10.6	5.3
75	42	Leech Wm. (20p)	73	−2	5.0	ϕ	10.9	ϕ
54½	28	Leyland Paint	49	−4	3.31	5.0	10.4	4.9
59	34	Lilley F.J.C.	59	.....	†2.5	8.4	6.5	6.1
23	15	Liner C. M'ch 10p	21xd	.....	†1.17	3.2	8.6	5.6
59	40	London Brick	55	−1	2.89	3.0	8.1	6.3
58	43	Lovell (Y.J.)	54	.....	3.48	2.8	9.9	5.6
43	36	McNeill Group	36	.....	2.85	—	12.2	—
160	110	Magnet & Sthns.	145	.....	†6.13	3.1	6.5	7.6
44	28½	Mallinson (Wm.)	38½	−½	2.5	3.5	10.0	4.6
60	36	Manders (Hldg.)	58½	+1½	2.28	3.3	6.0	7.7
191	113	Marchwiel	184	−3	3.05	15.0	2.6	4.2
72	44	Marley	61xd	−1	d2.23	4.1	5.6	5.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
64	36	Coronation 25c	42	......	Q5c	8.4	8.0
130	70	Falcon Rh.50c	100	......	†Q35c	1.7	54.2
14	9	Rhod'n Corp 16⅔p	11	......	0.56	4.3	7.8
165	115	Roan Cons. K4	115	−5	—	—	—
164	129	Tanganyika 50p	132	+1	11.0	ϕ	13.5
70	70	Do. Pref. 80p	70	......	9%	ϕ	10.3
35	27	Wankie Col. Rh.1	32	......	Q7½c	1.5	22.9
27½	15½	Zam.Cpr SBD0.24	15½	−½	—	—	—

AUSTRALIAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
20	10	Acmex 25c	11	......	—	—	—
127	58	Bougainville 50 Toea	84	−1	Q10c	1.5	7.5
128	90	BH South 50c	119	......	—	—	—
325	119	Conzinc Riotinto 50c	295	−5	Q9c	2.3	1.9
50	18	G.M. Kalgoorlie $1	30	......	—	—	—
112	78	Hampton Areas 5p	90	......	1.3	5.0	2.2
35	18	Metals Ex. 50c	18	......	—	—	—
242	188	M.I.M. Hldgs. 50c	204	+1	†Q4½c	1.8	1.4
105	20	Mount Lyell 25c	26	......	—	—	—
2¾	1½	Newmetal 10c	1½	......	—	—	—
120	86	North B. Hill 50c	104	−1	†Q4½c	b2.6	5.3
8	4½	Nth. Kalgurli	6½	−½	—	—	—
119	87	Oakbridge $A1	106	−3	†Q9c	1.5	5.3
50	20	Pacific Copper	32	......	—	—	—
£13	725	Pancont'l 25c	975	......	—	—	—
16½	8	Paringa M&Ex. 5p	12	......	—	—	—
555	355	Peko-Wallsend 50c	545	+5	Q15c	2.7	1.7
—	—	Poseidon 50c	75#	......	—	—	—
9	6	Vultan Min. 50c	9	......	—	—	—
164	110	Westn. Mining 50c	150	......	†Q5c	1.3	2.1
75	50	Whim Creek 20c	50	......	—	—	—

TINS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
39	18	Amal. Nigeria	18	......	0.93	0.9	8.0
395	310	Ayer Hitam $M1	335	......	†23.0	1.4	10.6
56	25	Beralt Tin	43	......	74.0	2.3	14.3
485	385	Berjuntai $M2.50	485#	......	†Q1.5	ϕ	7.4
360	260	Geevor	280	......	t17.87	—	9.8
13	8	Gold & Base 12½p	10	......	—	—	—
255	190	Gopeng Cons.	195	......	15.0	1.9	10.3
85	72	Hongkong	85	......	—	—	—
67	60	Idris 10p	65	......	9.0	1.0	21.3
10	7	Jantar 12½p	8	......	—	—	—
49	30	Kamunting $M0.50	41	......	‡Q15c	1.2	9.4
425	260	Killinghall	380xd	......	†Q50.0	ϕ	15.2
268	217	Malay Dredging $M1	268	......	tQ95.5c	1.1	8.8
—	—	♦Pahang	27#	......	†Q2.5	0.5	9.2
55	50	Pengkalen 10p	55	......	5.5	1.3	15.4
155	133	Petaling $M1	150xd	......	‡Q17½c	10.9	2.1
51	35	Saint Piran	50	......	t1.56	2.5	4.8
105	77	South Kinta (10p)	90xd	......	tQ19.46	0.6	21.6
205	148	Sthn. Malayan	165xd	+3	tQ32.82	1.1	20.1
66	57	Sungei Besi $M1	65	......	—	—	—
*40	19	Supreme Corp. $M1	40	......	‡Q10	—	6.2
55	42	Tanjong 15p	*45	......	6.25	ϕ	21.4
67	45	Tongkah Hrbr. $M1	60	......	tQ40c	0.3	7.0
120	93	Tronoh $M1	120	......	†4.29	2.0	5.5

COPPER

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
198	136	Messina R0.50	136	......	Q45c	2.8	22.2

MISCELLANEOUS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
9½	9	Burma Mines 17½p	9	......	—	—	—
31	18	Charterhall 5p	24	......	—	—	—
107	58	Colby Mines SC1	95	+1	—	—	—
600	415	Cons. Murch. 10c	420	......	‡Q140c	1.4	‡
440	330	Northgate C$1	385	−5	—	—	—
247	173	R.T.Z.	207	−1	8.0	q3.1	5.9
70	44	Sabina Inds. C$1	48	......	—	—	—
£14¾	£11⅞	Tara Explrn. $1	£14¼	+¼	—	—	—
53	39	Tehidy Minerals 10p	45	......	1.19	ϕ	4.1
160	123	Yukon Cons. C$1	150	......	Q6½c	3.6	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xcd ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	19	......	Sayers 12½p	32	......
Ash Spinning	39	......	Sheffield Brick	88	......
Bertam	16	......	Sheff. Refrshmt.	165	......
Bdg'wtr. Est. 50p	217	−1	Shiloh Spinn	10½	......
Clover Croft	21	......	Sindall (Wm.)	[illegible]	......
Craig & Rose £1	360	......	IRISH		
Dyson (R.A.)	22	......			
Ellis & McHdy	63	......	Conv. 9% '80/82	£95½	−⅛
Evans Fr'k. 10p	29	......	Alliance Gas	51	+1
Evered	11	......	Arnott	270xd	+12½
Fife Forge	48	......	Carroll (P.J.)	90xd	......
Finlay Pkg. 5p	11xc	−1	Clondalkin	55	......
Graig Ship. £1	345	......	Concrete Prods.	75	......
Hallam Sleigh 10p	10	......	Heiton (Hldgs.)	31	......
Higsons Brew	92	......	Ind. News	66	......
I.O.M. Stm. £1	160	......	Ins. Corp.	120	......
Holt (Jos.) 25p	222	......	*Irish Distillers*	65½	−½
Kleen-e-Ze	42	......	Irish Ropes	130	......
N'thn. Goldsmith	31	......	Jacob	50	−1
Pearce (C. H.)	100	......	Sunbeam	16	......
Peel Mills	13	......	T.M.G.	85	......
Robb Caledon 5p	98	......	Unidare	60	......

OPTIONS
3-month Call rates

Industrials					
A. Brew	6½	Hawker Sidd.	40	Tube Invest.	30
A.P. Cement	18	House of Fraser	8	Unilever	40
B.S.R.	10	I.C.I.	25	Utd. Drapery	7½
Babcock	6	"Imps"	7	Vickers	15
Barclays Bank	25	I.C.L.	14	Woolworths	6
Berry Wiggins	5	Inveresk	7	**Property**	
Beecham	32	Ladbroke	11		
Boots Drug	12	Legal & Gen.	12	Brit. Land	3½
Bowaters	16	Lex Service	5	Cap. Counties	3
B.A.T.	21	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	5	Intereuropean	7
Brown (J.)	17	London Brick	5	Land Secs.	14
Burton 'A'	6	Lonrho	8	MEPC	7
Cadburys	5	Lucas Inds.	20	Peachey	6
Cavenham	10	"Mams"	7	Samuel Props.	4½
Courtaulds	10	Mrks. & Spncr	10	Town & City	1½
Debenhams	8	Midland Bank	25	**Oils**	
Distillers	13	Nat. West. Bank	22		
Dunlop	8½	Do. Warrants	9	Brit. Petroleum	60
Eagle Star	11	P & O Dfd.	12	Burmah Oil	8
E.M.I.	20	Plessey	7	Shell	20
Gen. Accident	17	R.H.M.	5	Ultramar	14
Gen. Electric	17	Rank Org. 'A'	18	**Mines**	
Glaxo	36	Reed Intl.	20		
Grand Met.	7	Reyrolle	12		
G.U.S. 'A'	10	Spillers	4	Charter Cons.	15
Guardian	10	Tesco	4	Charterhall Fin.	4
G.K.N.	25	Thorn 'A'	22	Cons. Gold	15
		Trust Houses	13	Rio T. Zinc	18

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday June 17 1977

Special factors blamed for near-static output

BY MICHAEL BLANDEN

THE LEVEL of industrial activity has shown little or no growth in recent months, according to the latest figures published by the Central Statistical Office.

The index of industrial production rose only fractionally in April, from 103.1 to 103.2. For manufacturing industry the figure was down, at 104.7, compared with 105.5 in March.

Weather effects

Despite the flatness of the published estimates Government officials feel that the underlying trend in output is still upwards. The poor performance of recent months is put down to special factors, including the effect of the warmer weather on demand for gas and electricity and the depressed state of the construction business.

There is no suggestion that the recovery in activity is anything more than sluggish, but it is said that the recent trend is consistent with the official forecasts of moderate growth this year.

The slow growth in the recorded estimates is illustrated by taking the latest three months together to eliminate short-term fluctuations. On this basis the average level of the index for all industries in February to April was little changed from the previous three months.

In the same period manufacturing industries were about ½ per cent. above the level for the previous three months. On a longer-term comparison the index for all industries in the latest three months was about 1 per cent. higher than a year earlier, while manufacturing industry was up by about 2½ per cent.

The depressed condition of the construction industry, arising perhaps from the wet weather and the difficulties of the building societies earlier this year, is one particular reason for the low level of activity.

New information, particularly on construction, where details are available rather later than for other sectors, has resulted in a downward revision of 1 per cent. to the previous provisional estimates of the index for all industries in the first quarter.

The figures for that period were also understated as a result of the basis of the statistics. Some data were used which measure deliveries rather than production and were therefore affected by changes in stocks.

It is estimated the all-industries index consequently understated the level of output by about ½ per cent. in the first quarter of 1976, overstated by about ¾ per cent. in the second and third quarters, and understated again by about ½ per cent. in the last quarter of 1976 and the first of this year.

Another factor was a sharp drop in the level of activity in the gas, electricity and water industries, which the statisticians say probably reflected warmer than average weather, the output index for this sector falling by 4.6 per cent. in the latest three months compared with the previous period.

INDUSTRIAL PRODUCTION
1970=100
Seasonally adjusted

		All industries	Total manufacturing
1976	1st	101.9	102.0
	2nd	102.4	103.6
	3rd	101.5	103.5
	4th	103.2	104.5
	Oct.	102.8	104.7
	Nov.	103.5	104.9
	Dec.	103.3	103.8
1977	1st	103.3	105.4
	Jan.	103.4	105.1
	Feb.	103.3	105.7
	March	103.1	105.5
	April	103.2	104.7

Grunwick owner will sue postal workers

By Nick Garnett, Labour Staff

THE OWNER of the Grunwick film processing factory is taking legal action against postal workers who have been disrupting the company's mail in support of a union recognition dispute.

This became clear yesterday as bitter wrangling developed between Mr. George Ward, the owner and Mr. Roy Grantham, general secretary of the Association of Professional, Executive, Clerical and Computer Staffs.

Grunwick's outgoing mail has been affected because of blacking by a group of sorters at Cricklewood which started on Wednesday, though the company appears to be receiving all or most incoming mail.

The sorters are acting against an instruction from their union, the Union of Post Office Workers, to handle the mail normally. Mr. Ward said his solicitors had received written evidence from the Post Office about the blacking, and would take the issue "direct to a legal court" or through the Attorney-General.

Turned down

Under the 1953 Post Office Act, it is a misdemeanour wilfully to delay or detain the mail. The law has never been tested, though Grunwick and the UPW fought a legal battle last year when the postal workers gave sympathetic backing to the strikers.

The UPW suspended their action in return for a promise that the company allow the Advisory Conciliation and Arbitration Service to conduct an inquiry under Section 11 of the Employment Protection Act, which allows balloting to take place on union membership.

The company subsequently turned down an ACAS recommendation to recognise APEX. The 10-month dispute intensified this week with mass picketing of the North London factory and more than 100 arrests.

"We have to see that the legalities are observed," said Mr. Ward. "All we want to make sure is that postal workers act legally."

Mr. Ward, Mr. Grantham and the Grunwick work force met at the factory yesterday after intervention by Mr. John Gouriet, director of the National Association for Freedom, a "law-and-order" pressure group that has been advising Grunwick in its dealings with the UPW.

Mr. Ward said a show of hands by the staff showed conclusively they did not want representation by APEX.

Mr. Grantham said the meeting was a disgrace and that though he was told there would be discussions with Mr. Ward, there was nothing of the sort.

The dispute began with a strike by about 70 workers, largely Asian, after complaints of poor working conditions and low wages.

The strike committee says between 10 and 20 have stopped work since mass picketing started on Monday.

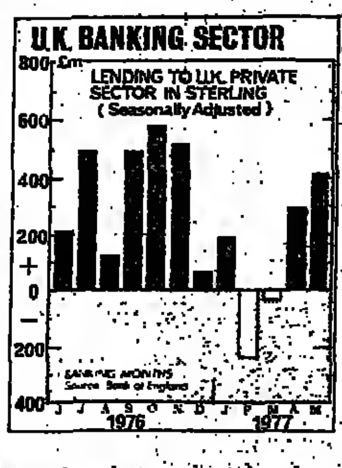
THE LEX COLUMN

Tate & Lyle runs out of growth

Index fell 6.6 to 443.5

Sterling M3 has started the monetary year with a modest enough rise of 0.6 per cent. in the first month, but the mid-May banking statistics indicate that for the second month running bank lending to the private sector—over £400m., after seasonal adjustment—has been rising at a rate which, if continued, could cause problems later in the year. This news, along with the slightly worse than anticipated trade figures after hours, brought little comfort to a gilt-edged market overshadowed by the forebodings of the Bank of England Bulletin. The FT Government Securities Index is now 5 per cent. below its peak of a month ago.

U.K. BANKING SECTOR



Tate & Lyle

Tate and Lyle's share price has been outstandingly weak for most of this year, and the interim statement shows why. Profits so far are down from £26.9m. to £24.7m. pre-tax, and despite lower finance costs the group is doubtful about its ability to maintain the first half profits rate over the rest of the year. The optimism which it was radiating around the end of the last financial year—when it produced £52.5m.—has quite disappeared.

The starch and glucose side has been one of the main disappointments, following last year's heavy investment in Manbre and Garton, together with Tunnel and Amylum associates. The Garton side has been depressed by industrial trouble, while an EEC levy on high fructose glucose syrup has upset the associates' development. The levy is also having the effect of increasing the supply a starch in what is already a competitive market.

Elsewhere, weak commodity prices have given United Molasses a bad time, and an attempt to gain a foothold in the U.S. sugar industry has cost money so far. In addition short term borrowings have increased, by perhaps as much as £50m.

All this left the shares another 11p lower at 221p yesterday, which is around where they stood last autumn. Tate is confident that it will be able to trade its way out of its relatively high financial gearing. But for the moment it is hard to get excited about a prospective yield of 9 per cent.

Guinness

With a 16 per cent. rise in interim pre-tax profits to £17.1m. Guinness's profit growth has slowed down noticeably over the last six months and the company is saying that it will be "difficult" to match last year's profits, (£39.3m.), partly explaining why the shares shed 9p to 187p yesterday.

Brewing profits are unchanged over the period and while volume on the overseas side is up by 14 per cent. the picture is not so bright in the U.K. and Eire where sales volume is around 5 per cent. down. Helped by a 1p a pint U.K. price increase last October U.K. brewing profits are up, but in Eire profits have been badly hit by the company's inability to push through a price increase since March, 1976.

The important Nigerian affiliate is also suffering from price controls and its current year profits are likely to be halved which explains the dip in associate income. Fortunately, Guinness's non-brewing interests have been doing well, boosting their contribution to trading profits from under a tenth to close to a quarter.

B. & C. Shipping

At the interim stage British and Commonwealth Shipping was talking of full year profits in excess of £20m. In the event 1976 pre-tax profits of £25.2m. (against £16.4m.) are comfortably ahead of expectations, although a sharply higher tax charge means that the growth at the attributable level is only 18 per cent.

Shipping profits have been swollen by a £3.4m. profit on disposals but nevertheless B and C's important cargo liner business (occupying over half the fleet) has benefited [from] rationalisation on [its] routes. By contrast, the six bulk carriers (only [one of] which is on long-term c[harter] continues to lose mone[y]. B and C is confident th[at it will] be able to find p[rofitable] employment for its tw[o] product carriers due [for] delivery next year.

The other parts of B[&C's] business have been per[forming] strongly justifying the [group's] recent diversification. Bristow helicopters (stri[kes not]withstanding) continues [to reap] the benefits from the [North Sea] oil exploration boom [and] various air-related [interests] chipped in an extra £[...] [to] the operating level. Th[e] black spot is on the leis[ure side] but most of the lossmake[rs have] now been sold.

As for the current [year, B] and C's interest in [...] scheduled to rise fro[m its] present level of 7.6 per c[ent. to] around 20 per cent. [in the] autumn and B and C p[lans to] consolidate its share of [...] profits in future. As the[se] exceed £60m. in the c[urrent] year B and C itself sho[uld be] capable of earning ove[r ...] in 1977, which puts the [shares] at 305p on a pro[spective] multiple of around 8.

English China Cl[ays]

With the heaviest [...] rainfall in 50 years p[...] its pits and quarries [English] China Clays faced [...] problems in its first h[alf ...] may not have been f[ully appre]ciated by a stock mar[ket concen]trating mainly on [...] output statistics (w[...] rise of nearly a fifth). [...] yesterday's warning th[at the ...] per cent. first half rise [in pre-] tax profits to £13.1m. [...] be carried through in [the full] year, outside analysts w[ere re]vising their 1976-77 e[stimates] down from around £[...] just over £30m., and [the] price eased 5p to 92p [...] prospective p/e wou[ld be] around 10, fully taxed.

The first half figures [...] tered by a £1.1m. cre[dit from] plant disposals, which [...] serve roughly to offset a [...] back for the quarry and [...] ing divisions (over a quar[ter of] group profits last year). [...] pects still look dull for [...] operations, but clay is se[t for] further growth: export p[...] went up by 15 per cent. [...] January, and there is an in[creas]ing proportion of the hi[gh] margin speciality clays in [the] sales mix.

Callaghan, Carter intervene in air pact

By Ian Hargreaves

MR. JAMES CALLAGHAN and President Carter of the U.S. have intervened personally in the 10-month-old renegotiation of the Anglo-U.S. air services pact.

The result of this intervention, raised as a possibility when Mr. Callaghan visited Washington in March, has been a softening of American attitudes on a number of key points.

Talks had in effect broken down on Monday after presentation of a document by the U.S. summarising basic objectives which the U.K. team considered a return to positions abandoned weeks ago.

There were no formal meetings on Tuesday or Wednesday as both sides took stock. It was during this time that the two Heads of Government spoke together by telephone.

The British thought the more conciliatory tone by the U.S. negotiators, led by Mr. Alan Boyd, in a full day of talks yesterday was evidence of receipt of new negotiating instructions from Washington.

Despite the progress made the Americans still talk about halting all flights between Britain and the U.S. if a successful conclusion is not reached before the old agreement expires on Tuesday. But cessation of services now seems a very remote possibility.

Considerable progress has been made on the number of airlines to be designated as carriers on the North Atlantic routes, with Britain's demand for single designation accepted on all except London-New York and London-Los Angeles.

On these two there will be two licensed airlines from each each country. This means that with British Airways and the Laker Airways Skytrain designated on London-New York, any U.S. competitor for Skytrain can be supplied only by either designated U.S. carriers, Pan American and Trans World Airlines.

BNOC borrows $825m. without a mortgage

BY RAY DAFTER, ENERGY CORRESPONDENT

THE British National Oil Corporation has raised $825m. (£480m.) in loans from a group of British and American banks to fund part of its North Sea exploration and development programme.

The deal will enable the state oil undertaking, established 18 months ago, to pay off all its loans from the Government, now standing at about £350m.

It is an unusual arrangement in that the Corporation is funding itself from the market without any form of Treasury guarantee and without any pledge or mortgage of its oilfield interests.

Lord Kearton, chairman and chief executive, said that in spite of the large U.S. content, the unsecured financing placed no restriction on where the corporation sold its oil.

In answer to critics who have doubted the corporation's ability to raise capital purely on the strength of its balance sheet, he added that the banking community was eager to lend money. It would have been easy, in fact, to raise $1bn. but that was not needed.

It is understood that the Government asked to delay its fund raising in order not to frustrate negotiations for the $1.5bn. Eurodollar loan announced by Mr. Denis Healey, Chancellor of the Exchequer, on January 24.

The corporation's deal, covering eight years, involves 12 banks. Some $675m. of the total has been provided in U.S. dollars by Barclays and National Westminster and seven U.S. banks—Citibank, Chase Manhattan, Manufacturers Hanover Trust, Chemical Bank, Continental Illinois National, Republic National of Dallas, and Security Pacific National.

These funds will bear interest at 113 per cent. of Citibank's published base or prime rate for the first two years and 115 per cent. for the second two years. After that the interest rate will rise marginally.

A further $150m. has been provided in Eurodollars by Barclays, National Westminster, Bank of Scotland, Clydesdale Bank and the Royal Bank of Scotland. These funds will bear interest at ¾ per cent. over the London inter-bank offered rate for the first four years, after which the interest rate will rise marginally.

The corporation's annual report shows that in the first half of last year it borrowed £186m. from the National Loans Fund at an average interest rate of 13.22 per cent. In the second six months a further £142m. of loans carried an average 14.14 per cent. interest rate.

Britoil, a U.S. corporation established as a charity for tax reasons, will handle the forward purchase of oil from the corporation to cover the loan. Starting in the third quarter of 1978, the corporation will "deliver" enough oil to Britoil to meet the interest and principal repayments—and will decide where the oil is sold.

Lord Kearton said that the amount of oil passing through the Britoil account would be less than half the corporation's equity production. The corporation expects a yield of between 150,000 and 200,000 barrels a day from its five commercial oilfield interests.

On current evidence it seems that no more than 25 to 33 per cent. of this oil will be needed to cover the loan.

The deal was described by Lord Kearton as a milestone in the corporation's development. "We are beginning to be a rounded, reputable organisation going places in a massive way."

The loans would meet its needs for at least the next 18 months. The corporation plans to spend well over £420m. on oil and gas development in the next few years.

The money will come also from oil and gas fields revenue, the Government-controlled National Oil Account (funded largely from oilfield royalties), and, possibly, from a profit or handling charge on crude bought from oil companies under state participation arrangements.

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Financial details: International Company News Page 32

Benn wanted a last minute postponement of £564m. BP sale

BY MARGARET REID

CABINET MINISTERS including Mr. Anthony Wedgwood Benn, Energy Secretary, unexpectedly asked on Monday evening whether the Government's record-breaking £564m. sale of British Petroleum shares, due to be launched the next morning, could be postponed.

They finally agreed to the sale going ahead only after being told by Mr. Gordon Richardson, Governor of the Bank of England, that such a last-minute delay would put off the unprecedentedly large and complex operation for between six and nine months.

The question, which followed a fall in BP's market price by 28p on Monday to 884p, compared with 932p five days earlier, was raised after eight o'clock on Monday evening at a meeting chaired by Mr. Denis Healey, Chancellor of the Exchequer.

The other Cabinet Ministers present, apart from Mr. Benn, a longtime opponent of the whole idea of selling off the 17 per cent. block from the State's 68 per cent. stake in BP, were Mr. Joel Barnett, Chief Secretary to the Treasury, and Mr. Eric Varley, Industry Secretary.

After the Ministers, who had met to give final approval to the offer and to the price of 845p a share recommended by Mr. Richardson, asked about the possibility of postponement, the question was telephoned to Mr. Richardson. Following speedy consultation with those most concerned, presumably among them Mr. Thomas Gore Browne, the Government Broker, who has master-minded the operation on the Bank of England's behalf, the Governor informed Ministers of the serious consequences of any last minute delay.

The Ministers then finally approved the entire plan after 8.45 p.m. on Monday.

Had the operation been delayed the proceeds of the sale — which will be paid over many months — would not have been received into the Exchequer in the financial year 1977-78, as Mr. Healey had stated in his Budget they would be.

Yesterday the Bank of England announced that sub-underwriters to the issue had themselves applied for 42 per cent. of the offered shares, worth some £230m., under arrangements allowing them preferential consideration.

Including other non-preferred applications, sub-underwriters are believed to have applied for between 50 per cent. and 60 per cent. of the issue.

Yesterday BP's shares rose 20p to 890p.

● The issue of City of Valdez, Alaska, $350m. marine terminal revenue bonds, guaranteed by BP and its Sohio associate in the U.S., was announced yesterday.

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Spain

Barcelona. Spain's biggest constituency.

The Pact for Democracy, headed by Sr Jordi Pujol, a local banker who is one of the most eager advocates of Catalonia reclaiming the autonomy it enjoyed before the Civil War, is close to gaining 10 seats and a similar figure seems certain for the Basque Nationalist Party, which has the same aims for its provinces.

One of the reasons for the military revolt against the Republican Government in 1936 that led to the Civil War was the opposition of senior officers to "separatism." Attitudes are not believed to have changed drastically since then.

Among the most notable personalities to win a seat in the Congress was the 82-year-old Sra. Dolores Ibarruri, president of the Communist Party, who returned a few weeks ago from exile in the Soviet Union.

She has embarrassed Sr. Santiago Carrillo, the secretary-general, and his "Euro-Communist" stance with her frequent praise of the Soviet Union and "the success of socialism without capitalism."

"La Pasionaria," as she is popularly known, was the last of the ten deputies to be elected in her home province of Asturias, where the Socialists topped the poll.

Father Jose Maria Xirinachs, the country's most tireless campaigner for the release of political prisoners, did not allow election as a senator for Barcelona to interrupt his daily vigil outside the city's prison, where he has been every day for the past year.

King Juan Carlos, who must take most of the credit for pushing the country towards a more democratic system, is understood to be well pleased with the results.

Continued from Page 1

Gulf defence

uranium deal, pushing up the world price of the metal and threatening Westinghouse's entire future.

Mr. McAfee insisted this morning Gulf had been very reluctant to enter into the cartel, but had been left in no doubt by the Canadians that its extensive interests in Canada might be in jeopardy if it refused to go along with other Canadian producers. Mr. S. A. Zagnoli, president of Gulf's Canadian uranium subsidiary, testified this morning the Canadian Government had never said this in so many words, "but the message was very clear."

However, members of the committee quoted other documents, in particular memoranda and letters written by Mr. Roy Jackson, at that time a Gulf lawyer. In these Mr. Jackson emphasised the importance to Gulf of its Canadian project but drew attention to the possible risk Gulf might be liable to anti-trust action by participating in the cartel.

Mr. Jackson argued — and Mr. McAfee echoed his words to-day — that the "fountainhead" of the Gulf argument should be that it was not infringing U.S anti-trust laws because its involvement in a cartel operating outside the U.S. would have "minimal impact on the trade or commerce of the U.S."

Mr. McAfee said Gulf had also been convinced that, because of its status as a Canadian company obeying Canadian orders, U.S. anti-trust laws would not apply.

Congressman Albert Gore of Tennessee took issue with this saying the Gulf involvement had a very definite effect on U.S. prices and the company's argument that it was compelled by Canada to join the cartel was a "sham."

He quoted two contracts placed by the Tennessee Valley Authority — a major U.S. utility — for the purchase of uranium. One of these involved a 1974 deal with Uranerz, Gulf's German partner in Canada to sell the uranium to the TVA at $12.50 a pound in 1978 after the expiration of the U.S. embargo on foreign uranium imports, which began to be lifted this year. The uranium price increased seven-fold between 1972

Mr. Gore said the $12.50 price exactly corresponded to the price fixed for 1978 deliveries at a meeting in Johannesburg in January that year. "So we were paying for uranium at prices that you all fixed," Mr. Gore said, adding that even if Gulf assumed the cartel would not affect the American market "it did not turn out that way."

Mr. McAfee said the Canadian Government had never made any secret in 1972 of its determination to protect the Canadian uranium industry, which was its right as a sovereign nation.

Members of the committee said the Canadian Government had not at the same time, revealed the prices and allocations which it was setting were the same as those agreed at the meeting of producers in Johannesburg in May, 1972.

New look at tax indexation

By Samuel Brittan

TREASURY MINISTERS are re-examining their attitude to tax indexation after their defeat in the Finance Bill Committee on the issue.

The Government has three options after the passage of amendments which would link the tax threshold automatically to inflation. First, it could simply accept the committee's decision.

Second, it could try to get Tuesday's adverse votes overruled on the report stage in mid-July, at the risk of another defeat.

Third, it could insist that the principle of indexation should apply to the specific duties on which the Treasury at present loses.

Value added tax, which automatically allows for inflation because of its percentage basis, yields over £400m. in extra revenue in a full year for each 10 per cent. on the inflation rate.

If the duties on drink, tobacco and oil were automatically linked with the inflation rate by an indexation formula, the Revenue would "gain" £550m. from a similar inflation rate.

On the same basis, the Government gains £1.1bn. from non-indexation of the personal tax allowances.

But re-examination of policy will have to take into account the political pressures to raise the value of the personal allowances under a non-indexed system, and the difficulty of raising the specific duties by lump sum amounts.

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Weather

U.K. TO-DAY

SUNNY PERIODS and generally warmer.

London, S. England, Midlands, Channel Islands, S. Wales
Dry, sunny or bright periods. Wind north east, Moderate.

E. Anglia, E. England, Cent.N. and N.E. England.
Rather cloudy, hill fog patches at times, sunny periods developing inland.

N. Wales, N.W. England, Lake District, Isle of Man
Dry, sunny or bright. Wind north east, moderate.

Edinburgh and Dundee, S.W. Scotland, Glasgow.
Dry, sunny periods. Wind north east, moderate.

Aberdeen, Moray Firth, N. Scotland, Orkney, Shetland
Dry, mostly cloudy with bright intervals. Wind north east, light.

Outlook: Mostly dry with sunny intervals.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Alexandria	S	30	86	Madrid	S	23	73
Amstdm.	C	15	59	Manchestr.	S	15	59
Athens	S	28	82	Melbourne	R	13	55
Bahrain	S	35	95	Milan	S	24	75
Barcelona	S	21	70	Montreal	S	23	73
Belfast	S	15	59	Moscow	F	27	81
Belgrade	S	26	79	Munich	C	16	61
Berlin	F	23	73	Newcastle	C	10	50
Brmghm.	C	14	57	New York	S	22	72
Bristol	S	15	59	Oslo	S	22	72
Brussels	C	15	59	Paris	C	14	57
Budapest	F	27	81	Perth	R	17	63
B. Aires	S	15	59	Prague	C	18	64
Cairo	S	36	98	Reykjavik	R	10	50
Cardiff	S	15	59	Rio de J'o	S	28	82
Cologne	C	17	63	Rome	F	22	72
Copnhagn.	R	19	66	Singapore	R	26	79
Dublin	F	14	57	Stockhlm.	F	18	64
Edinb'rgh	C	12	54	Strasbrg.	C	21	70
Frankfurt	S	16	61	Sydney	S	21	70
Geneva	S	19	66	Tehran	S	30	87
Glasgow	C	15	55	Tel Aviv	S	26	79
Helsinki	T	27	81	Tokyo	C	21	70
Hong Kong	S	31	89	Toronto	S	23	73
Jo'burg	S	24	75	Vienna	S	22	72
Lisbon	C	19	66	Warsaw	S	24	75
London	S	16	61	Zurich	S	20	68
Luxemb'g	R	14	57				

HOLIDAY RESORTS

		°C	°F			°C	°F
Ajaccio	F	22	72	Jersey	C	13	55
Algiers	S	25	77	Las Plms.	S	22	72
Biarritz	S	24	75	Locarno	S	24	75
Blackpool	F	18	64	Luxor	S	38	100
Bordeaux	S	21	70	Majorca	S	25	77
Boulogne	C	12	54	Malaga	S	26	79
Casablnca.	S	21	70	Malta	S	24	75
Cape Town	S	21	70	Nairobi	S	23	73
Corfu	S	27	81	Naples	S	23	73
Dubrovnik	F	23	73	Nassau	S	29	84
Faro	C	19	66	Nice	S	21	70
Florence	F	24	75	Oporto	C	17	63
Funchal	F	22	72	Rhodes	S	32	90
Gibraltar	F	21	70	Salzburg	C	14	57
Guernsey	C	11	52	Tangier	S	22	72
Innsbruck	C	17	63	Tenerife	S	22	72
Inverness	C	12	54	Tunis	S	24	75
Isle of Man	S	14	57	Valencia	S	24	75
Istanbul	F	34	93	Venice	F	23	73

R—Rain. F—Fair. T—Thunderstorm. C—Cloudy. S—Sunny.

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